

BUSINESS WEEK

THE NEW BREED OF
Bureaucrats

PAGE 56

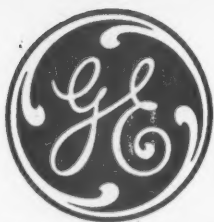
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YEAR
AGE
←



Hans Huber: From black ink to black gold (page 98)

JULY 7, 1951

TWENTY-FIVE CENTS



Chemical Progress

News of developments from General Electric's Chemical Division that can be important to your business.



This picture shows how a corrosive poured on a metal section coated with R-108 (to right) doesn't affect the surface! Untreated section (to left) is badly scarred. Tests also show that R-108 imparts unusual toughness, adhesion and heat resistance to metal finishes.

You can obtain a complete technical report on R-108 by writing to: Chemical Division, General Electric Company, Pittsfield 14, Mass.

SAVE SCARCE METALS WITH NEW G-E COATING INTERMEDIATE

Here's a new and versatile product of General Electric's program of chemical research. It's R-108, a coating intermediate that provides exceptional resistance properties to industrial finishes.

Finishes formulated with R-108 are highly resistant to chemical corrosives. Their use extends the life of steel shipping containers like tank cars and drums. Ordinary steel chemical processing and manufacturing equipment, coated with finishes containing R-108, can often be substituted for expensive and hard-to-get alloys.

Coatings made with R-108 are mar-resistant, adhere well to metals, glass, wood and plastics, and fit in easily with standard techniques for applying and baking.



G-E PLASTICS FOR DEFENSE

General Electric chemical products are already being used in many important defense applications. Among the numerous products and services offered are new, expanded molding facilities which enable G.E. to mass-produce low-cost plastics parts quickly and efficiently. Injection machines range in size from 1½ to 208 ounces; compression and transfer equipment, from 3 to 36 inches. G-E chemical plants are located at Pittsfield, Mass.; Schenectady, N. Y.; Waterford, N. Y.; Coshocton, Ohio; Decatur, Ill.; Taunton, Mass.; and Anaheim, Cal.

PLASTICS COMPOUNDS • SILICONES • INSULATING MATERIALS • GLYPTEL® ALKYD RESINS • PLASTICS LAMINATING, MOLDING, AND EXTRUDING

You can put your confidence in

GENERAL  ELECTRIC



New Gun Director Is Good News for the Country

BELL TELEPHONE LABORATORIES' NEW "ELECTRICAL THINKING MACHINE" AIMS ANTI-AIRCRAFT GUNS LIKE THIS ONE. It's even more effective than the Bell Laboratories' famous Electrical Gun Director that proved such a factor in the last war. . . . The radar equipment locates hostile planes, day or night, and feeds continuous information concerning their location into a computer or "electrical thinking machine." . . . At the same time, data relating to wind velocity, velocity of the shells, temperatures, etc., are given to the computer. The machine then calculates where a shell should explode and aims the guns, continuously and automatically, to bring the planes down.

Call to Arms. Once again the research and manufacturing of the Bell System are mighty weapons in the defense of the country.

More than twelve hundred projects for the armed forces were completed in the last war. Many new assignments are now being rushed to completion. This new Fire Control System is already in production.

Skilled Teams at Work. The Bell System's ability to serve the armed forces comes not only from its unique qualifications in the field of electronics, but from the way it is set up and equipped to do the job.

The Bell Telephone Laboratories, who do the research and development, work hand-in-hand with the Western Electric Company, which is

the Bell System's own manufacturing unit.

Service and Security. For many years this close, efficient association of research, development, and manufacture has helped to give this country the best telephone service in the world. It is now helping to give the nation the world's best fighting weapons.



BELL TELEPHONE SYSTEM



What doesn't belong in this picture?

All but one of the objects in this picture have something in common. They were affected directly or indirectly by the kind of products Norton and Behr-Manning make. Can you find the stranger?

The Car? No! Automobile production depends directly on Norton and Behr-Manning abrasive products. In fact, their use is essential in automobile maintenance as well as in production. A new Behr-Manning product, Behr-cat Masking Tape, performs an indispensable service on repaint jobs.

The Woman? No! She, too, depends on Norton or Behr-Manning abrasive products to help produce her shoes, dress, cosmetics, jewelry — everything she wears or uses.

The Felt Hat? No! Most felt hats get a rub-down

from Pouncing Paper, a Behr-Manning coated abrasive.

Neither Is It the Army tank, the radar unit, the wooden building, nor the metal spring.

The stranger in the picture is the gopher... who does not rely on man-made products. Remember, any man-made product... whether of metal, wood, paper, cloth, leather, ceramics, or plastics... depends on abrasives, abrasive products, refractories, or grinding machines that bear such well-known trade-marks as Norton and Behr-Manning... world's largest manufacturers of abrasives and abrasive products.



Making better products to make other products better

NORTON COMPANY

MAIN OFFICE AND WORKS
WORCESTER 6, MASSACHUSETTS

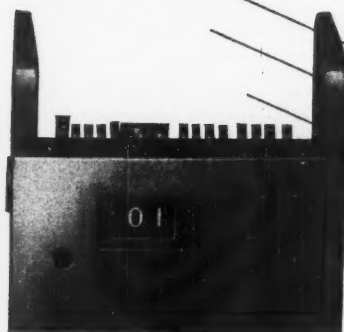
ABRASIVES • GRINDING WHEELS • REFRACTORIES
NORBIDE GRAIN AND MOLDED PRODUCTS
GRINDING AND LAPPING MACHINES • NON-SLIP FLOORS



BEHR-MANNING

DIVISION OF NORTON COMPANY,
TROY, NEW YORK

ABRASIVE PAPER AND CLOTH • OILSTONES
ABRASIVE SPECIALTIES
BEHR-CAT BRAND PRESSURE-SENSITIVE TAPES



*A lot of
"Military Intelligence"
comes from counters like these...
because every branch of the service...
in fact...*

Everyone Can Count on VEEDER-ROOT



Shown here are an aircraft
and an artillery counter.
What they do, and how they
do it, is "nobody's business" but that
of the military personnel using them.
And now, what might we
do for you? If you have an
important military job on
hand, you can count on us to
help you just as quickly as

our present military commissions
will permit.

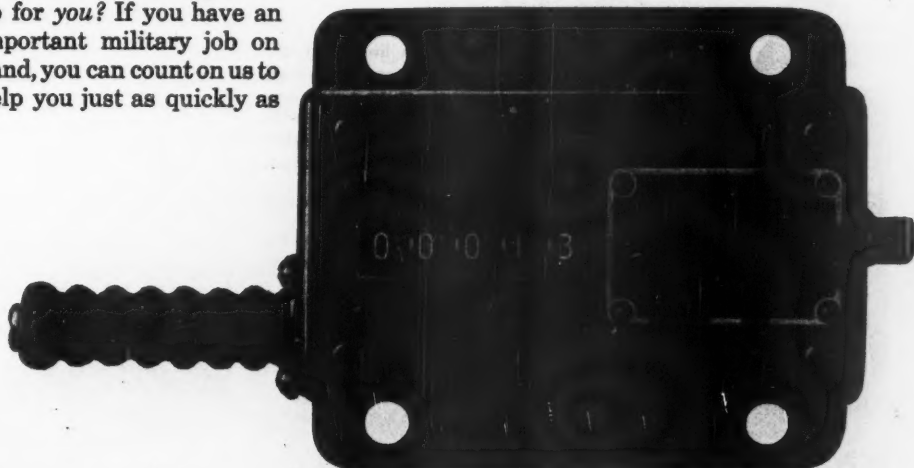
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VEEDER-ROOT

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Count Everything on Earth

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....WIRE WITH Belden AND CUT COSTS

CUT COSTS—Start with the right wire—
a wire engineered for the shop tools you
produce.

CUT COSTS—In lower assembly costs
—in less production line waste and
fewer rejections upon inspection.
It pays by reducing customer complaints—cutting comebacks for repairs. To "Wire right" is low-cost customer good will insurance.

CUT COSTS—Specify Belden.

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Chicago, Illinois

Plus Protection
in Belden
Power Supply
Cords

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WIREMAKER FOR INDUSTRY

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BUSINESS WEEK • July 7, 1951

What's U.S. Rubber doing on the railroad?



Three of the many railroad chores done with "U.S." Hose involve the fueling and watering of Diesel locomotives and the vacuum cleaning of cars.

Today, these jobs are being performed more quickly and economically than ever before with hose that lasts. Because "U.S." engineers are always studying and developing new uses in hose, they are able to compound a product that is more versatile, more powerful than its predecessor. Whatever your hose problem may be, get in touch with these specialists. Write to address below.

U.S. MATCHLESS Diesel Fueling Hose is in the foreground, and U.S. Matchless Water Servicing Hose is in the back. These hose last 2 to 3 years, compared to 2 or 3 months' life of the hose formerly used.



THE LIGHTER COLORED INTERIOR finishes of this car require a vacuum hose that does not mar or stain. "U.S." engineers designed this light, strong, flexible, car-cleaning hose.

PRODUCTS OF



UNITED STATES RUBBER COMPANY

MECHANICAL GOODS DIVISION • ROCKEFELLER CENTER, NEW YORK 20, N. Y.



The Most Important Man in Your Business

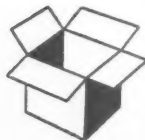
You do everything possible to be sure that your product is designed and manufactured to please your customer.

The same care should be given your selection of a shipping container. No matter how well your product is made — if it doesn't reach your customer in good condition — all previous effort is wasted.

For years, Gaylord boxes have been protecting the products of many of the country's leading manufacturers.

GAYLORD CONTAINER CORPORATION

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CORRUGATED AND SOLID FIBRE BOXES • FOLDING CARTONS • KRAFT BAGS AND WRAPPING PAPER

In BUSINESS this WEEK...

Chemical Building Block

• Acetylene gas is becoming an even more versatile raw material because of a German processing technique. P. 42

Desert Doodlebug

• How Western Pacific makes money out of a one-car train. P. 64

A-Bomb Boomtown

• Paducah is the latest to qualify. But it's finding the title brings problems, too. P. 84

Lamps in the Seed Store

• Seed companies are changing their stock-in-trade to keep up with the market. P. 102

Extended Engagement

• What happened when one company told its customers it was going out of business. P. 106

Good Neighbors Fall Out

• The U.S. is accusing Canada of a vicious squeeze play on the price of newsprint. P. 145

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Feeding a ship at sea calls for an oil hose that's super-strong, yet flexible enough to take sharp bends without rupturing, light enough to be quickly passed from ship to ship. Cords of "Cordura" help make these hoses better because they provide full strength with fewer plies.



This Du Pont yarn increases strength without increasing cost

Smaller gauge cords of Du Pont Cordura* High Tenacity Rayon do the work of larger cords of natural fibers. Therefore, you can often reduce the bulk of a strength section when you use "Cordura" . . . and make a lighter, more flexible carcass . . . a better, less expensive product.

Yarns of "Cordura" are inherently stronger than yarns of natural fibers—they are made of continuous filaments with no short lengths to pull apart under strain. This means there are no weak spots in "Cordura" yarn. It's also scientifically uniform in gauge.

These properties of "Cordura" make tires safer and cooler-running, make conveyor belts thinner yet stronger, make garden hose so strong that one manufacturer now offers it with a ten-year guarantee.

If you use yarns, cords or fabrics in your business, there's a good chance the extra strength and low cost of "Cordura" can help you improve your method or your product.

REG. U. S. PAT. OFF.

Du Pont "Cordura" High Tenacity Rayon

STRENGTH AT LOW COST

for RAYON . . . for NYLON . . . for FIBERS to come . . . look to DU PONT

WRITE NOW FOR THE FREE BOOKLET "Sinews for Industry." It gives physical properties of "Cordura" . . . tells you how Du Pont will help you benefit from the advantages of "Cordura" Rayon. Address: Rayon Division, Room 4421, E. I. du Pont de Nemours & Co. (Inc.), Wilmington 98, Delaware.



REG. U. S. PAT. OFF.
BETTER THINGS FOR BETTER LIVING
... THROUGH CHEMISTRY

Name

Company

Address



PUTTING *Air* TO WORK FOR LIFE SAVERS



Air Conditioning by: J. P. Salmini Co., Inc., Bridgeport, Conn.

COOL AIR STEPS UP A FLAVOR PARADE

At Life Savers, intricate machines stamp out the familiar "candy with the hole"—3,600 a minute! When formed, the candy drops are soft and pliable. During the critical next few minutes, they must be cooled quickly and evenly.

Westinghouse equipment *puts air to work* for Life Savers by providing chilled air through which the candy drops travel on conveyor belts. In addition, the candy production department is air conditioned. Clean, cool

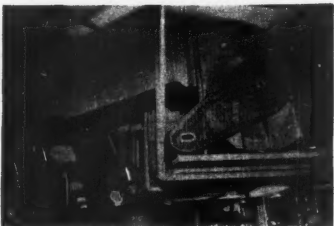
air conditioning by Westinghouse assures the uniform quality for which Life Savers are famous the world over.

There's Westinghouse Air Conditioning equipment specifically designed to make air work *for you* in processing operations . . . whether it's air conditioning, air handling or air cleaning. Call the Westinghouse Air Conditioning Distributor in your classified phone directory, or write Westinghouse Electric Corp., Air Conditioning Division, Hyde Park, Boston 36, Mass.

Westinghouse Compressors are the heart of this cooling system. Hermetically sealed for maximum dependability.



Evaporative Condensers save up to 90% in water consumption. Designed for installation where water is scarce.



Silentvane® fans handle large volumes of air. Specially designed blade wheel delivers non-pulsating air flow.

YOU CAN BE SURE...IF IT'S
Westinghouse

J-80219

BUSINESS OUTLOOK

BUSINESS WEEK
JULY 7, 1951



A cease-fire in Korea would change the shape of the business curve only slightly (page 19). But it would have an impact on sentiment.

Consumer demand already has been blunted by price cuts. Now the public is likely to see even less need for forward buying.

Businessmen are caught with inventories overample and prices soft.

Politicians already are backing away from controls. There is talk of cutting back on defense spending. And the new tax bill quite surely will be inadequate as an anti-inflation weapon.

Retail sales and prices are likely to zig and zag a bit more widely in the next several months than the basic business curve. And, for many businessmen, retail sales will be the most critical business barometer.

Over-all, sales are bound to be good. The high level of consumer income and savings will take care of that.

Yet will sales be good enough? It takes actual buying rather than potential buying power to move inventories.

Simple comparisons of retail volume—now vs. a year ago—are going to involve vast pitfalls for months to come. First, we've had wild gyrations in consumer demand over the last year. And then there's the little matter of price changes.

Retail sales for June compared very favorably with last year. But there you are stacking up the 1951 price-war month against the peacefully prosperous pre-Korea June of 1950.

But increasingly in July—and in a big way in August—we will be comparing 1951 results with the war-scare retail boom last year.

And then, in September and October, a presumably normal 1951 volume will be contrasted with the lull after the first storm last year.

Dollar volume, broadly, had to run about 15% ahead in June this year for unit turnover to match the level of a year ago.

But that's figured on the wholesale price level. Actually, individual stores have cut much more sharply than the wholesale index indicates. Probably many ran even, unitwise, with only a 5% to 10% dollar gain.

And, over the next three months, fairly stable prices this year will compare with zooming quotations in 1950. That will cut into 1951 dollar gains.

This just gives a quick glimpse into the hazards of comparison.

Prices are likely to move down a bit more this summer. A little quiet on the international front would depress import prices. The turn in Korea already has shown that in rubber and wool.

And domestic prices are now in a seasonal downturn.

But this just diverts attention from the new dose of inflation due sometime late in the autumn or next winter.

Industrial output will wobble less than prices and retail sales.

Nevertheless, there will be some dip from the plateau of the last nine months. For example, vacations will pull July and August down.

However, not many observers expect the decline to be very steep—or

BUSINESS OUTLOOK (Continued)

BUSINESS WEEK

JULY 7, 1951

to last very long. Arms contracts more and more will offset any weakness in output of civilian goods.

Steadiest segment of the economy—and one of the most important—will be personal income. Vacations may cut into mine and factory output—but factory hands and miners get paid while vacationing.

And higher employment in July also will boost wage and salary totals.

Retailers probably wish consumers hadn't saved quite so much in recent months. Yet large savings hold high promise for the future.

It is believed that consumers salted away about 8% of the income they had left over after paying their taxes in the second quarter (chart, page 19). That's a pretty high percentage (and to some extent reflects undersaving—or overspending—earlier).

People who often raise an eyebrow at high estimates of savings may be interested in the figures for the country's mutual savings banks:

Early this year, their deposits were rising but little. But the figures started up in March; and the gain of \$57-million in April was in turn eclipsed by one of \$72-million during May.

One change in the consumer-spending pattern may have developed simply because it is harder to go into debt.

This is the first year since the war in which repayments on instalment sales have outweighed new loans. Time sales paper was washed down \$550-million in the first five months of this year; in the like 1950 period, it was mounting by \$775-million.

Some of this change in trend may be due to sales finally overtaking demand for cars and other hard goods. But the pinch of the Federal Reserve's restrictions on instalment loans has been felt, too.

Restrictions on mortgage lending, unlike those on consumer credit, hadn't begun to hurt at last report.

Latest figures are for April, and the near record volume was continuing. However, most of those mortgages still were being written on homes exempt from the Federal Reserve's Regulation X.

It's the same trend that has marked housing starts. The FRB rules only recently have begun to trim housing volume—and even now to a lesser extent than had generally been expected (BW—Jun. 16'51, p9).

New mortgages on homes in the first four months of 1951 totaled more than \$5¼-billion, a gain of 19% over the same 1950 period.

Economy-minded consumers have been cutting down on their food bills.

That's the conclusion of the Dept. of Agriculture. It doesn't attempt to isolate the cause, but has little doubt that price resistance is playing a part in things.

The study indicates that food prices went up 8% from the final quarter of 1950 to the first quarter of 1951. But people spent only 6% more on food in the same period.

The department figures housewives bought less food in stores and that spending in restaurants was off, too.

This, along with seasonal factors, has helped hold down food prices.



Easy as making mud pies

As easy as making mud pies, aluminum can be shaped into a wide variety of products by all metalworking processes—stretching, rolling, drawing, forging, spinning, stamping, extruding.

For aluminum is one of the most workable metals known to man.

This versatile workability, together with aluminum's other unique combination of properties—such as lightness, strength, corrosion-resistance, heat and light reflectivity—explains why the demands for aluminum are steadily increasing.

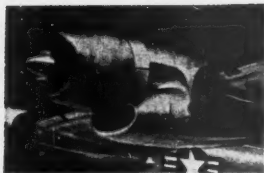
And these same advantages make aluminum vital in so many products essential to the nation's preparedness program.

To help speed this effort, we are operating our plants at maximum capacity and we are vastly expanding our facilities to turn out more primary aluminum. In time, our increased production will be shared by everyone.

Kaiser Aluminum & Chemical Corporation, Oakland, California. 63 sales offices and warehouse distributors in principal cities.

Kaiser Aluminum

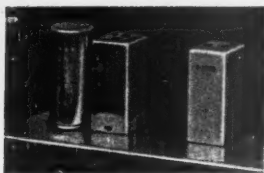
A major producer in a growing industry



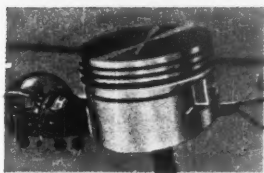
By stretching over a mold, aluminum sheet can be shaped easily into complex forms such as aircraft engine nacelles, fairings and wing sections. Result: more economical mass production!



By rolling it through a forming machine, aluminum wire can be instantly formed into such parts as zipper scoops. Workability plus light weight means lower material cost, tremendous output.



Rapid drawing process, possible with workable aluminum, results in economy of metal and production time when making such products as the condenser cans for electronic equipment.



By forging, aluminum can be made into high strength shapes such as pistons for the aircraft industry, or truck wheels. Workability, light weight results in fast production of more units.



By extruding, aluminum can be formed easily into a wide variety of intricate shapes. Extrusions permit simpler, less costly fabrication, save time, labor, material.

5 METALS IN PRECISION-MADE REEL MACHINED WITH ONE SUNICUT OIL

The Ocean City Manufacturing Company operates Brown & Sharpe automatics on free-turning brass, aluminum, cold-rolled steel, phosphor and hardware bronze. Having used Sunicut Cutting Oils since 1941 with complete satisfaction, the plant decided a year ago to find out what other products could do. Numerous competitive oils were tested, and the best was selected for a long trial run.

But this oil did not prove satisfactory in actual use. It caused the gibs to corrode and the slides to stick. Operators found miking difficult. Downtime and rejects grew to disturbing proportions. Finally, to protect

its automatics and restore its production efficiency, the plant decided to go back to Sunicut Cutting Oils and standardized on Sunicut 11.

Sunicut 11 is a "Job Proved," dual-purpose cutting oil for automatic screw machines. Its transparency permits quick and accurate miking. Among its virtues is the fact it will not stain brass. It drains rapidly, minimizing carry-off. And its high lubricating and cooling properties aid in prolonging tool life and improving finishes. Moreover, it protects finished parts from rust and corrosion. For other outstanding cutting oil case histories write for booklet BW-7.



MACHINE: Brown & Sharpe No. 2G • **METAL:** 11 ST aluminum
OPERATIONS: Feed stock, center drill, counterbore, recess and countersink, tap, form and cut off • **SFPM:** 800 • **SPEED:** 3,150 rpm
PRODUCTION: 250 collar housings per hr. • **CUTTING OIL:** Sunicut 11

MACHINING PARTS for Ocean City's "90" Automatic Reel. Sunicut 11 does not corrode the bronze gibs of the automatics, minimizes carry-off, makes miking easy. A coolant tried as an "economical" replacement failed on all three counts.



THIS AUTOMATIC REEL contains six types of metals . . . free-turning brass, aluminum, cold-rolled and stainless steel, phosphor and hardware bronze. Another Sunicut grade is used on the stainless steel.



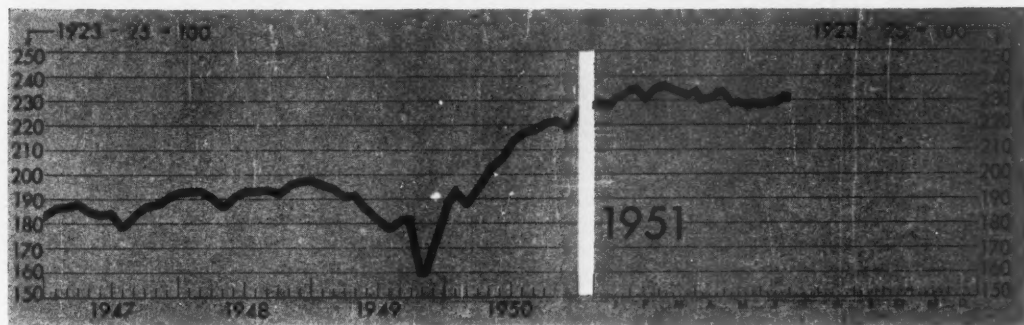
THE PRECISION PARTS that Sunicut 11 helps to make possible are put to the test as this top-quality reel goes into action. Little does the fisherman know how much of his pleasure he owes to a cutting oil.

SUN INDUSTRIAL PRODUCTS

SUN OIL COMPANY, PHILADELPHIA 3, PA. • SUN OIL COMPANY, LTD., TORONTO AND MONTREAL



FIGURES OF THE WEEK



Business Week Index (above) *233.3 †232.9 229.5 217.5 173.1

PRODUCTION

Steel ingot production (thousands of tons).....	2,015	2,055	2,063	1,765	1,281
Production of automobiles and trucks.....	157,436	†158,909	121,476	196,767	62,880
Engineering const. awards (Eng. News-Rec. 4-week daily av. in thousands).....	\$47,321	\$42,795	\$43,421	\$45,025	\$17,083
Electric power output (millions of kilowatt-hours).....	6,898	6,835	6,445	6,115	4,238
Crude oil and condensate production (daily av., thousands of bbls.).....	N.A.	6,192	6,169	5,435	4,751
Bituminous coal production (daily average, thousands of tons).....	1,839	†1,723	1,626	1,758	1,745

TRADE

Miscellaneous and l.c.l. carloadings (daily av., thousands of cars).....	78	78	79	77	82
All other carloadings (daily av., thousands of cars).....	61	59	57	58	53
Department store sales (change from same week of preceding year).....	+6%	+1%	+3%	+1%	+30%
Business failures (Dun and Bradstreet, number).....	188	180	132	156	217

PRICES

Spot commodities, daily index (Moody's Dec. 31, 1931 = 100).....	485.2	488.5	492.1	408.0	311.9
Industrial raw materials, daily index (U.S. BLS, Aug., 1939 = 100).....	330.0	†333.9	343.4	242.5	198.8
Domestic farm products, daily index (U.S. BLS, Aug., 1939 = 100).....	363.7	365.3	381.7	335.7	274.7
Finished steel composite (Iron Age, lb.).....	4.131¢	4.131¢	4.131¢	3.837¢	2.686¢
Scrap steel composite (Iron Age, ton).....	\$43.00	\$43.00	\$43.00	\$37.67	\$20.27
Copper (electrolytic, Connecticut Valley; lb.).....	24.500¢	24.500¢	24.500¢	22.500¢	14.045¢
Wheat (No. 2, hard and dark hard winter, Kansas City, bu.).....	N.A.	\$2.35	\$2.36	\$2.17	\$1.97
Cotton, daily price (middling, ten designated markets, lb.).....	45.20¢	45.25¢	45.19¢	34.09¢	30.56¢
Wool tops (Boston, lb.).....	#	#	#	\$2.33	\$1.51

FINANCE

90 stocks, price index (Standard & Poor's).....	167.7	170.4	170.0	140.1	135.7
Medium grade corporate bond yield (Baa issues, Moody's).....	3.54%	3.53%	3.43%	3.33%	3.05%
Prime commercial paper, 4-to-6 months, N. Y. City (prevailing rate).....	2½-2½%	2½-2½%	2½-2½%	1½-1½%	¾-1%

BANKING (Millions of dollars)

Demand deposits adjusted, reporting member banks.....	N.A.	50,875	50,034	47,972	††45,210
Total loans and investments, reporting member banks.....	N.A.	70,434	69,369	67,960	††71,147
Commercial and agricultural loans, reporting member banks.....	N.A.	19,216	19,048	13,602	††9,221
U. S. gov't guaranteed obligations held, reporting member banks.....	N.A.	31,186	30,443	36,638	††49,200
Total federal reserve credit outstanding.....	23,916	24,150	23,396	18,567	23,883

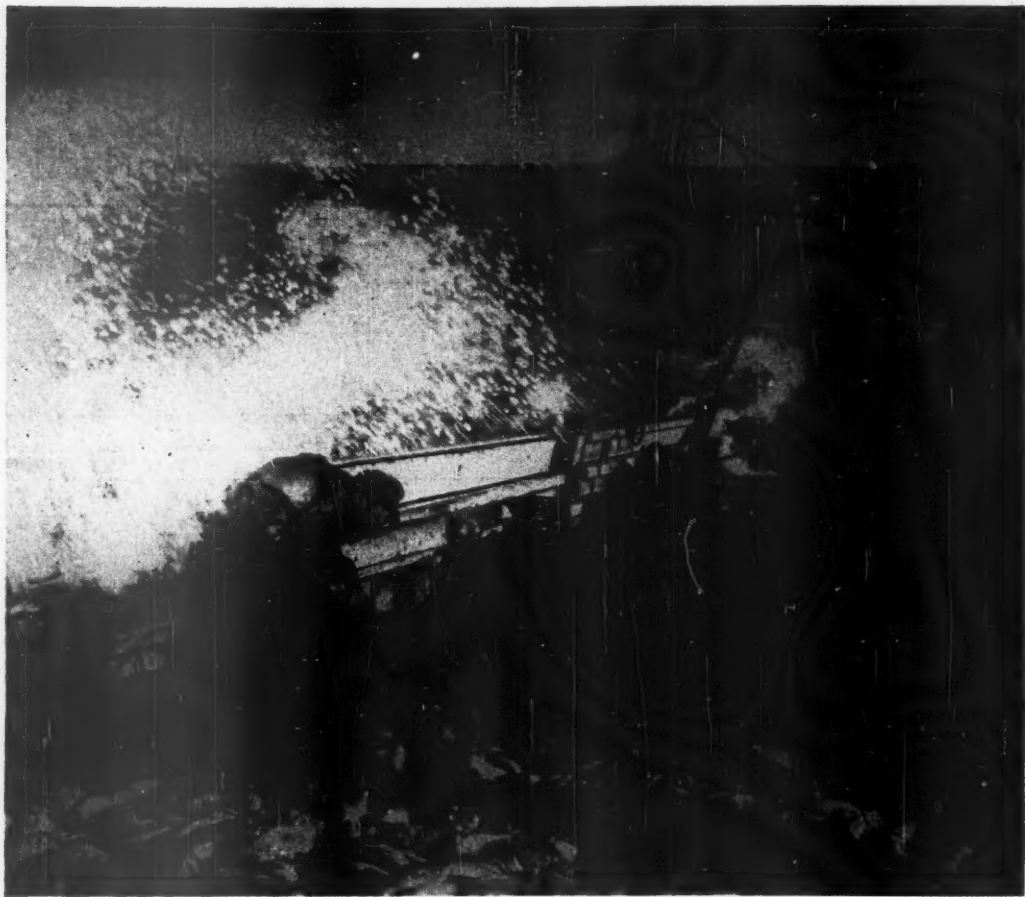
MONTHLY FIGURES OF THE WEEK

		Latest Month	Preceding Month	Year Ago	1946 Average
Consumer credit outstanding (in millions).....	May.....	\$19,184	\$19,123	\$17,077	\$6,802
Installment credit outstanding (in millions).....	May.....	\$12,913	\$12,905	\$11,667	\$13,025
Manufacturer's inventories (seasonally adjusted, in billions).....	May.....	\$38.8	\$37.8	\$29.7	\$21.3

*Preliminary, week ended June 30.
††Estimate (BW—Jul. 12 '47, p16).

N.A. Not available at press time.
†Revised.

‡Insufficient trading to establish a price.
§Date for 'Latest Week' on each series on request.



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WASHINGTON OUTLOOK

WASHINGTON
BUREAU
JULY 7, 1951

A
BUSINESS

WEEK

SERVICE

Russia's intentions are a mystery to Washington. The full implications of a Korean cease-fire will be months, perhaps a year or longer, coming. Businessmen, meantime, face new uncertainties—on spending for defense (most dynamic factor in the economy today); on wage, price, and materials controls; and on a return of free competition for markets.

Discount the official line that a cease-fire makes no difference—that defense plans will go ahead, on schedule.

Congress, not Truman, is running Washington. Even when Korea was hot, Congress was reluctant to follow Truman and his White House advisers. Any cooling off in the war will only intensify this trend. You can see the drift in the day-to-day news out of Congress. There's no doubt that defense will lose some steam, barring new incidents.

Take controls, as an example. The 30-day extension of the price law bars rollbacks on meat and everything else (page 24). Any longer extension in the future, for eight months to a year, also will limit rollbacks and liberalize instalment credit terms on consumer durables. There's even rising talk of no wage and price controls at all.

Truman may veto a weakened law. Political advisers favor this. Their argument: If inflation turns out to be no problem in the future, then the veto wouldn't be an issue; but if inflation does run wild, then Truman could claim he did his best and lay the blame on Congress. Remember, he worked this to good advantage in 1948.

Final tax increases will be less than the House bill's \$7.5-billion. The Senate will cut it down. Its leaders have so advised Truman.

On individual incomes, the 12½% increase voted by the House will be cut back to 6% to 8%. And it may not start until Jan. 1, 1952.

Corporation incomes won't get off so lightly. The House raised the rate from 47% to 52%. The Senate may drop this to 50%. But chances are the hike will apply to part of this year's income—at least half.

Errors in Treasury spending and revenue forecasts are tremendous. Six months ago, this was the way the picture was painted: Spending for the 12 months to June 30 would be \$47.2-billion; revenue, \$44.5-billion; deficit, \$2.7-billion. Actually, spending amounted to \$44.6-billion; receipts, \$48.1-billion. The deficit thus turned into a surplus of \$3.5-billion. That's the big reason Congress is so slow on new tax rises. It doesn't trust the official forecasts.

Money for defense will be cut. There was a good chance for this even before the cease-fire possibility. Now it's stronger. Cuts won't be deep, but will take a few billion off Truman's \$60-billion-plus request.

Arms aid will be cut, too. Truman wants \$8.5-billion for the next 12 months. Congress will cut this hard—unless Eisenhower comes back and sells aid to Europe anew.

A new wage formula is being delayed until Congress acts on controls.

WASHINGTON OUTLOOK (Continued)

WASHINGTON
BUREAU
JULY 7, 1951

The Wage Stabilization Board is set to replace the 10%-since-January, 1950, formula with a 13% to 15% guide, but wants more certainty about its power.

Congress may clip the wage board's wings. The present membership is divided equally among management, labor, and the public. The public may get a majority of the 18 members. Another change would limit dispute-handling by the board to wage issues. In that way, other disputes would have to come under the Taft-Hartley act.

A campaign to keep steam under defense is starting. The idea is to convince the nation that the turn of affairs in Korea is no cause for relaxation.

Wilson's second-quarter report, which originally detailed progress made on defense, was rewritten to warn against any easing up.

The second-half business outlook report by Truman's economic advisers also is delayed—the forecasters are debating whether a cease-fire will bring a recession or merely remove the threat of wild inflation. Economists talk of a dip, but think it will be temporary—a few months (page 19).

The Senate Johnson committee is going to step on the gas again. That's the defense investigating committee—similar to the old Truman committee. It has stayed out of the headlines during the MacArthur hearings.

Procurement policies will get a good going-over. The committee will make public charts showing when the military obligated money, how long it took to sign a contract, date of delivery, and the many delays.

The mobilization organization will be poked into, too. Wilson may be challenged for his decision to leave materials allocation and production programs in old-line agencies. Many in Congress feel that's a mistake.

But profits will make the big news. The committee, on the quiet, has collected profit data, by companies, in nearly a dozen industries. The idea is to force an even tighter regulation of profits (page 24).

Small business will get a bigger share of the dollars allotted for defense. Congress will approve the Small Defense Plants Administration, which will have a hand in parceling out military orders.

A patent law overhaul, a codification might get through this year. It's long overdue, and opposition to the up-dating is of no consequence.

Chemicals in food will come under tighter government supervision. The Delaney investigating committee wants this now—at this session. But chances are it will go over until next year.

Chemicals in cosmetics are in much the same situation. Delaney's committee will pry into them next, and the prospect is for a recommendation to put them under closer government control. But no action is imminent.

The U.S. will continue to back Britain in Iran. And the reasons go beyond oil and Russia. For instance, Point 4, aimed at encouraging U.S. capital to go into underdeveloped lands, is at stake. If Iran gets by with its oil squeeze, capital will be more reluctant than ever to take the risks of unstable countries—where it is most needed.

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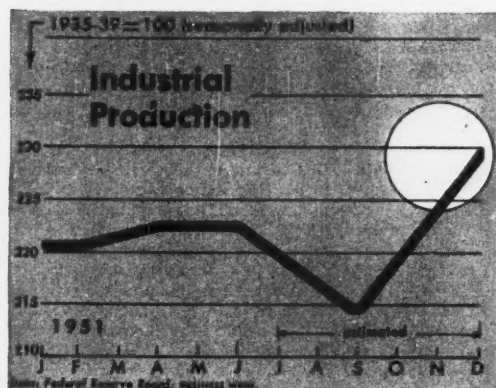
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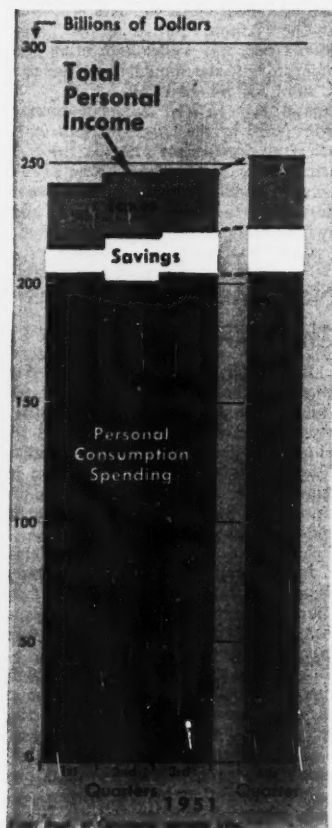
● Rearmament and plant expansion are the basis of the boom. They'll go on.

● Some of the steam will go out of them. That will likely cause a mild readjustment sag.

● But for industry the push will still be upward—with fewer shortages, controls, price gyrations.

● Except for retailers, whose troubles will go on a few months, it looks as if . . .

Peace Means: Boom Without the Frenzy



If fighting stops in Korea, it will be good business news—as well as good news—to most businessmen.

It'll be bad news for speculators. It'll be mixed news for retailers, worrisome at the moment, almost certainly helpful in the long run.

For the bulk of industry it will mean a continuation of booming business—with fewer of the pains of an inflationary superboom, dizzy prices, scarce materials, bothersome controls.

• **Still There**—The real steam behind present industrial prosperity comes from two things:

• Expansion of industry's plant and equipment—\$25-billion worth this year.

• Military spending to build up the armed strength of this country and our allies. It's running at about \$2-billion a month now, will hit \$3-billion a month by the end of the year.

Both of those will go on. Both will lose some of their crash-priority drive. Some volatile firms will scale back ambitious expansion plans, and some of the pressure for quick deliveries will go out of munitions buying. But the armament goals and appropriations will not be cut significantly. The Korean war never had more than a psychological connection with rearmament; most of its weapons came out of stockpiles, not from the contracts pouring out of the Pentagon the past year.

• **Automatic Adjustment**—From the viewpoint of international politics, a less-spirited munitions program looks disturbing. But in terms of the business cycle it is perfect, a sort of automatic

device to keep industry at a comfortable peak. War orders will be pushed just as hard as they can be without hurting civilian business too much. Anytime nonmilitary production eases off, military buyers will happily take up the slack.

• **Brief Lag**—The worst that looks possible under these conditions is occasional lags in business for a month or so when things get out of synchronization. One such lag is in the cards for the third quarter of this year (chart, above).

Two months ago government economists were predicting that the Federal Reserve Board's index of industrial production, hovering around 222 since February, would reach 230 by September, 245 by yearend. Now they don't think so.

Already, defense output is falling behind schedule. It's rising, but not so fast as planned. Peace in Korea would take the urgency out of catching up; indeed, it would make further falling behind likely.

And for a time the materials earmarked for production that didn't come will still be denied to consumer durables manufacturers. A net loss in output will result—perhaps augmented by shutdowns in soft goods fields, reflecting high inventories and cautious buying by distributors. Come September, then, the index could dip as low as 215.

Later on, however, the slack should disappear. The steady, though belated, defense buildup alone could close the gap. Rising consumer demand will also

play a hand, start orders flowing to manufacturers.

By the end of the year, the index ought to be up again sharply, to something like 230.

I. The Merchant's Problem

The retailer can make no such simple and pleasant forecast as the industrialist can. Basically, no munitions boom ever pays off so well for the merchant as it does for industry. He can't get around the fact that a smaller proportion of the nation's product is moving through his hands—whether it hits him in bare shelves or in tight inflation controls that keep the buyers away. A high and rising level of personal income promises him a share of war prosperity—but not so big a share as other people get.

In the long run, then, peace in Korea should help the storekeeper by making the boom a little less military, a little more commercial. At the least it will make consumers less hysterical, eliminate some of the violent swings of panic buying.

But in the short run, peace talk comes at a bad time. Retailers with oversized inventories could do with a little consumer hysteria right now. What they want to know is: When will people start buying again?

Trouble is no one is quite sure why people have stopped buying.

Individual overstocking—consumers with all the clothes, appliances, and housewares they'll need for months to come—isn't the reason; government figures show that people didn't buy that much during last summer's wild buying wave.

Despite the restrictions on consumer credit it doesn't look as if lack of ready cash is the answer; personal savings in the April-June quarter probably hit \$20-billion a year. That is double the level of the first three months of the year, or of the comparable period in 1950.

Best explanation of the apathy can be found in the Federal Reserve Board's latest survey of consumer finances. It is simply this: Prices rose too fast after the fighting started. Despite rising income and prospects of still higher prices, people have still refused to buy.

• **Tide Turns**—The feeling is that consumers are about adjusted to the new price level. A check with businessmen and government agencies shows that retail sales have been rising a bit in recent weeks. Moreover, the price wars that followed outlawing of price fixing demonstrated that people are eager to buy when they think the price is right.

Some foresee one last stand of consumer resistance as a result of the peace talk; buyers might hold off, expecting prices to drop and restrictions on civilian production to be relaxed. But that

won't last long. And when it's over, high income and savings will provide the wherewithal for stepped-up buying.

II. How Second Half Looks

Summing it all up, peace in Korea would produce a business climate over the next six months about like this:

- **Sales**—Consumer durables will move briskly. But the psychological stimulus to stock up that war always brings won't be sparking the soft goods field.

- **Even so, soft goods sales are going to increase—slowly and steadily—until yearend. The rate, however, will be governed by income changes, rather than by fears of shortages or higher prices. The rise in income will be moderate (chart, page 19); the lift in sales will be moderate, too.**

- **Inventories**—This slightly bigger sales volume won't be great enough to restore comfortable sales-to-inventory ratios. So dealers will still be trying to work stocks down.

Business inventories of consumer goods accumulated at a rate of around \$4-billion a year during the past three months. In the next three, they'll liquidate at a rate around \$1-billion to \$2-billion. But, by December, when the pile is lower, dealers will probably be buying again, at a rate even with sales.

- **Prices**—Runaway inflation is no longer a major danger for 1951. This was becoming apparent even before cease-fire talk began—when consumers

failed to buy, or defense output to rise, as expected. Now it is certain.

Indeed, the consumers' price index may go down a bit in the months ahead. Rents and house furnishings won't ease, but food prices should drop, seasonally—for a while.

Come winter, though, the index will move up again, as fresh fruits and vegetables and heavy meat marketings thin out. All told, the index should end the year two or three points above May's 185.4.

- **Wages**—Wages are, in effect, now tied to prices; they will move accordingly. The summer drop will hardly pull rates down, even under escalator clauses. On the other hand, the winter rise won't boost wages much either —2¢ or 3¢ an hour, if that much.

- **Profits**—Corporate profits for the first six months of 1951 ran at an annual rate of about \$48-billion before taxes—down about 6% from the previous quarter. Though still pretty close to the peak rate, the lower profits figure is largely responsible for businessmen's grieving. They may grieve through the summer, too.

Government economists figure that the third-quarter profits rate will ease another billion. But come fall, they should perk up. Federal spending and higher retail sales should boost the rate to some \$50-billion a year.

And even if the higher corporate taxes voted by the House of Representatives go into effect Oct. 1, the net after taxes will suffer by less than \$1-billion in 1951. That would still leave a net higher than the first-half rate, and awfully close to the record.

New Method Promises Cheap Titanium

It looks as if the price barrier for titanium, the metal with a bright future, is coming down. That's if initial reports on a new process developed by Horizons Titanium Corp. (BW-Jun.30 '51,p46) prove true. HT feels sure it can produce the stuff for \$1 a lb. instead of the \$5 to \$7 price for it today.

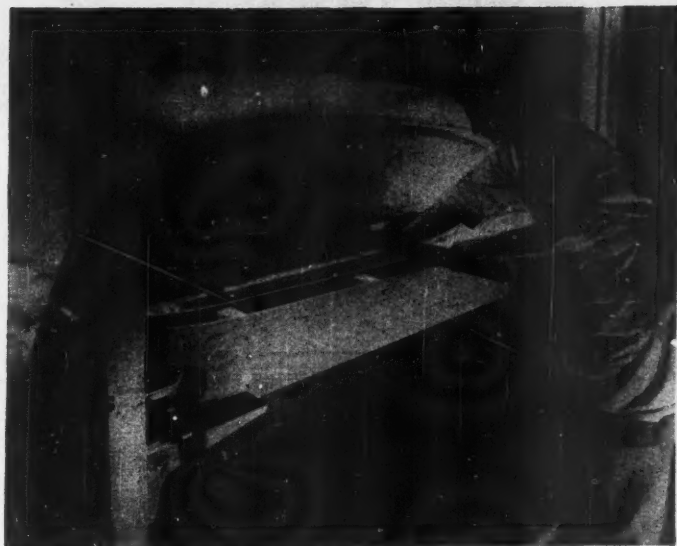
HT, a new outfit formed by Ferro Corp., Cleveland, and Horizons, Inc., Princeton, N. J., plans to make titanium by continuous process rather than batch. It's now ready to go from the laboratory to pilot plant stage.

Titanium even at its present high cost is going into aircraft and atomic energy programs. At \$1 per lb., the material might go into commercial uses where corrosion resistance is needed, as on shipboard; into engine parts like pistons subject to frictional wear; and into electrical resistors because of its high electrical resistance.



Avco Gets a General

Lt. Gen. Albert C. Wedemeyer, a not-so-old soldier, will become a vice-president and director of Avco Mfg. Co. following his retirement from the Army on July 31. Wedemeyer takes over his duties, so far unspecified, at Avco's New York headquarters on Sept. 1. He is 54.



BODY LINE CHANGES will be the main difference in next year's cars.

New Car Models in 1952?

Yes, says the government—but warns they may be the last design changes allowed. Even so, most car makers plan only face-lifting changes on grilles and body lines.

Model changes are nothing to joke about in Detroit this year. The auto makers are counting on different-looking jobs in 1952 to do two things for them:

- Pull sales out of the winter slump the trade is worrying about.

- Provide a talking point with OPS for some price changes.

That made the rumor shocking: Washington was going to freeze all automobile model changes. That would mean that 1952 cars—and probably those for several years after—would be just like the '51's.

This week Detroit relaxed. Washington controllers said that they had no intention of blocking traffic on new models for 1952—regardless of what happens in Korea or Iran. In fact, there wouldn't be much point to it, since many of the tools and dies needed for model changes have already been cast or are in the production stage.

- **Sales Booster**—Retail demand for cars has failed to hold up to seasonal expectations so far. Such a situation at this time of year could mean that things will be even rougher next winter. In that case, the only thing that could pull sales out of the doldrums would be new models.

- **Price Booster**—Washington has laid down a policy of allowing price ad-

vances wherever car manufacturers make notable design changes. Chrysler, for example, got good-sized adjustments on its V-8-engined models introduced earlier this year. Since the car companies claim that higher costs and unchanged prices are squeezing their profits, new models might be one way to pry open the margin a little wider.

- **Changes Due**—So you can expect design changes next year, probably in the majority of cars. But as things look now, there will be no startling major changes, especially in the technical side. In other words, engines, transmissions, and the like will, for the most part, be the same as this year; face-lifting changes with modified grilles and body lines will make the real difference.

Even though some companies have their new designs in the tool-production stage, others have made no final design decisions. They are hesitating because they have no clear idea as to what military requirements for 1952 will be. Also, with today's high cost of tooling, large-scale changes hinge somewhat on the prospects for large-scale volume.

- **Deadlines Near**—But if they expect to meet their customary introduction dates, the lagging car makers will have to move soon. Packard has already finalized designs so it can meet its early

autumn unveiling. Nash, Studebaker, and Ford are about to, since they show new wares in the late fall. General Motors has more time; it shows toward the end of the year. Chrysler is better off than all, since its new models don't come out until January.

What the industry would like most to know is whether the 1952 model changes will be the last. If peace doesn't come—and stick—in Korea, or if a similar-sized war breaks out somewhere else, the 1952 car designs will be frozen (as will the designs for all hard goods). They might be anyway. Washington controllers hint that they may well freeze 1952 models in all hard goods.

- **For the Future**—Meanwhile, Detroit isn't letting any possible freeze keep it from planning for the future. It has been talking a lot lately about new transmissions and engines; many new ones are in the works. Chrysler is planning a V-type engine for Dodge and DeSoto; Ford may bring out a new V-type of its own. But all signs seem to indicate that neither company will put these powerplants in 1952 models.

The same thing may be true on transmissions. All makers have improvements either ready or in test. Chrysler may extend the torque converter that appeared in its Chrysler line this year to its other makes. General Motors may even get an improved Hydra-Matic version into its 1952 models.

- **Lower Production**—But no matter what the models for 1952 look like, there won't be so many of them made as there were last year. The 1951 third-quarter allocation of 1.2-million passenger cars will probably be followed by a fourth-quarter allocation of the same size. By the standards of 1949 and 1950, that's a big drop. But by prewar standards, it is nothing short of enormous.

K-F Wins First Round

Kaiser-Frazer Corp. this week won the first round in its battle with Otis & Co., Cleveland investment banking firm. In New York City, Federal Judge John W. Clancy upheld K-F's case and awarded it \$2,588,919 in damages.

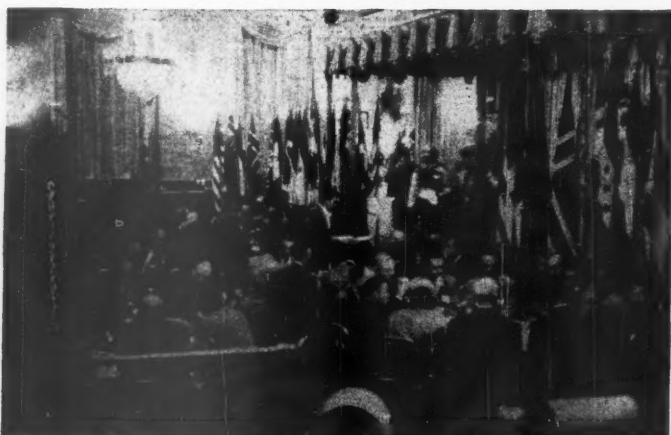
K-F made two major points at the trial. The first was that Otis had backed out on its contract in 1948 to buy 900,000 shares of new K-F stock. The second was that Otis had done this by prompting a K-F stockholder to start a suit against the company, thus giving the underwriter an excuse to break its contract. K-F originally sued for \$19.3-million (BW—Mar. 24 '51, p. 125).

Judge Clancy agreed that both things were true. But Otis says the fight isn't over yet. It plans to appeal the case to higher courts.



General Cable (assisted by Victor Borge and Annamary Dickey) demonstrates:

How to Win Friends and Influence



HAPPY GUESTS filled flag-bedecked Wedgewood Room. Seating was in groups of 10; that put a General Cable officer at each of the 16 tables.

A roomful of happy suppliers is just about any businessman's dream these days. Last week General Cable Corp. had more than 100 of them gurgling with pleasure.

The reason: Comedian Victor Borge and Metropolitan soprano Annamary Dickey (above), starring in a business-with-pleasure feast put on by General Cable at the Waldorf-Astoria's Wedgewood Room.

There's nothing new about throwing a party for customers. But in a seller's market, it is the supplier who counts. General Cable was just making sure it was counting as many as possible.

• **All the Trimmings**—The Waldorf affair was about as lavish as any business shindig you'll find. It attracted businessmen—big and small—from as far away as 1,500 miles.

They were wine and dined in top style (cocktails before dinner, champagne for each table of 10 guests). The



BOMBE OF VANILLA ICE CREAM with flaming brandied cherries put finishing touch to fancy Waldorf menu that included lobster, beef, champagne.



HOSTS TO SUPPLIERS were board chairman Dwight R. G. Palmer (left) and director of purchases Edgar A. Gaudette who asked suppliers' help.

Suppliers

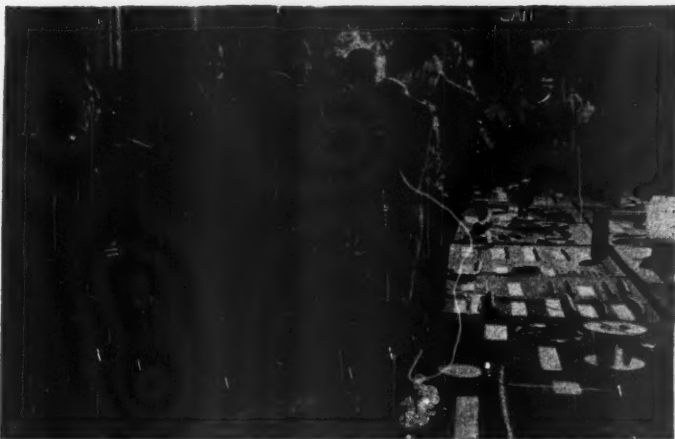
menu: lobster thermidor, prime ribs of beef, and bombe of vanilla ice cream with hot brandied cherries flambe.

When Victor Borge and Miss Dickey were off-stage, a team of gymnasts, a violin and accordion team, a trio, and starlet Gloria Ryan kept the entertainment going.

• **Business a Pleasure**—Even the business on hand was tempered with music. General Cable had laid out a display of its products, each broken down into component parts. And with violin-accordion music as a background, suppliers were guided by Cable executives who told them how the products were made, what was needed to make them.

Board chairman Dwight R. G. Palmer summed up the affair this way: "It let us trade ideas on our need for materials and how best to get them."

Official host for the evening, logically enough, was Edgar A. Gaudette, director of purchases.



SOFT MUSIC AND GENERAL'S CABLES kept guests entertained during cocktail hour. Cable executives shepherded suppliers as they examined what the company makes.

New Profit Lid

Johnson committee wants to measure munitions makers' earnings as a percentage of a company's net worth.

A new yardstick for measuring profits of war producers—to see if they are too large—may be in the offing. The yardstick: percentage of profits to net worth. Any such standard would mean a drastic cut in the profits of a lot of defense contractors.

This is the standard being urged by Sen. Lyndon Johnson's powerful Preparedness Committee. To bolster its arguments the committee is about to come up with a huge eight-volume compilation of the profit record of a dozen industry groups over the past 10 years.

• **First Price**—When possible, the committee wants the percentage-of-profits yardstick applied in original contract negotiations. That could be done in procurement of standard items. But frequently it would not be possible. In a lot of cases, you can't predict costs that closely. In such cases, the committee wants its yardstick to be mandatory for renegotiation and repricing.

The Johnson committee standard would be a lot tougher than the policies the services are now following. It would bear down particularly hard on the war babies—the small companies that land big contracts.

Renegotiation officials now allow contractors to keep a profit before taxes roughly equal to 10% on sales (BW-Mar. 17 '51, p30). On that basis, your profits on a big-volume contract might be enormous in comparison with the net worth of your company.

• **Variables**—Johnson's committee isn't plumping for any specific percentage as the limit to what you can earn on net worth. Indeed, the big study it is bringing out will show that in ordinary times the percentage varies widely from industry to industry. What the committee wants is to keep the profits of each firm in line with its own history and the history of its industry.

The first batch of committee figures are expected to be released shortly. They will show profit records industry by industry and, in some cases, firm by firm. They are being taken straight from corporation reports filed with the Securities & Exchange Commission as required by law. The compiling is being done by Don Cook, who doubles as committee counsel and as vice-chairman of the SEC.

• **Cost Cutting**—The new profit standard is only one part of the job the Johnson committee has set for itself. It wants to trim off fat all through the

military program and to hold down the cost of rearmament. It wants to know how much of the inflation in the costs of items bought by the military has been necessary and how much of it has ended up as profit. And it hopes that its findings will serve to harden the attitude of Pentagon purchasing officers in setting prices and in renegotiating profits.

• **Top-Heavy**—Johnson figures that the present renegotiation law, similar to that of World War II, does not go far enough. He feels that it tends to leave top-heavy margins, even after excess profits taxes are deducted. And he argues that a high volume of sales from government orders is not the result of normal business enterprise. Hence his

desire for a more critical attitude toward the war babies.

The net worth standard would cut into profits in more ways than one. For example, sales are being made in inflated dollars. But assets have to be carried on the books at original pre-inflation costs, and not at replacement value.

• **Hostile Group**—Johnson's net worth standard undoubtedly will carry some weight. But it isn't going to get instant acceptance—either from the Army or from Congress. The Senate Finance Committee is already on record, in its report on the present renegotiation law that: "Return on net worth might not in many cases be an adequate measure of fair profits."

Price Controls Are Frozen, Too

Congress last week froze the Office of Price Stabilization with one foot in the air. It voted to extend the Defense Production Act for 31 days, but specifically barred any rollbacks.

This played hob with a lot of orders that OPS had on the fire. To get its foot back on the ground as best it could, OPS promptly froze price ceilings at the level of June 30.

• **New Law**—In effect, this leaves price control in a state of suspended animation. And there it will remain until Congress and the President can get together on a new law.

In general, the old General Ceiling Price Regulation will govern prices in the interim, plus a few features culled from the orders now suspended. These suspended orders include Manufacturers Ceiling Price Regulation (CPR-22), machinery (CPR-30), cotton textiles (CPR-37), shoes (CPR-47), apparel (CPR-45), and woollens (CPR-18, revised).

GCPR freezes prices at the highest sold to the largest class of customers between Dec. 19, 1950, and Jan. 25, 1951.

The crossfire has left a lot of manufacturers confused, since most were in some stage of compliance with the orders. Here's a rundown of some of the questions they are asking, together with the answers:

Q. What does this June 30 freeze mean? If the various manufacturers regulations have been suspended, how should goods be priced?

A. Continue to price them under the General Ceiling Price Regulation or any other orders since GCPR was issued, if these subsequent orders have already gone into effect.

Q. What if a business has already filed notice with OPS that an order permits a price increase?

A. Every one of the orders requires manufacturers to wait 15 days

from the date of filing before they may start charging higher prices. If the 15 days were up before OPS suspended the orders on June 30, the new higher prices can be charged. If the waiting period had not elapsed by June 30, the increase is canceled.

Q. Suppose a rollback had been filed with OPS prior to June 30?

A. The rollback stays in effect; the manufacturer is simply out of luck. Since there was no waiting period for rollbacks, they became effective as soon as filed.

Q. Suppose a manufacturer had both rollbacks and price increases under one of the orders and the 15-day filing period hadn't elapsed by June 30—does that mean that he gets only the rollbacks?

A. No. All the changes would have gone into effect at the same time, so the rollbacks are canceled with the increases.

Q. What prices must be used by manufacturers who filed new prices, but got them back for revision and hadn't had time to refile?

A. They must use GCPR prices—or those prescribed by other regulations in effect on June 30.

Q. Does the June 30 freeze suspend all the amendments to the various manufacturers orders?

A. Yes—except where the 15-day wait on a price increase was up before June 30; then, both the price increase and all the provisions and amendments to the order hold.

Q. Are any of the wholesaler-retailer regulations affected by the June 30 freeze?

A. All are—but only indirectly. These are margin-type orders. For the duration of the June 30 freeze, distributors, in most cases, will apply their markups to GCPR prices—instead of the new ones that would have been prescribed by the now-suspended orders.



OSCAR CHAPMAN, Secretary of Interior, tried to change the business of . . .



PAUL KAYSER, President of El Paso Natural Gas Co., on the battle of . . .

Interior vs. the Pipelines

The department says natural gas lines, that cross public lands are common carriers—and open to all. The industry says no and wins half of its first test case.

This week the natural gas pipeline industry looked down a gun barrel as big around as one of its pipelines. The man behind the gun was Interior Secretary Oscar Chapman (picture). A U. S. District Court cocked it.

• **Take All**—Interior Dept. insists that pipelines crossing public lands should be operated as common carriers in the fullest sense of the word; that they should ship gas for anyone, anywhere, who brings gas to the line.

If that gun goes off, it would be sure to hit almost all pipeline companies; for on the gas belly of the Southwest, you can hardly draw a line from one point to another without crossing at least a piece of public land. The shot conceivably could put an end to expansion of gas pipelines.

• **Buyers and Sellers**—Gas pipeline companies are more than carriers of gas. They are sometimes gas producers, always gas buyers and sellers. This is fundamental to the way pipeline construction has been financed in the last six years of tremendous expansion.

Practically all pipelines are financed by selling 20-year bonds. To make these bonds foolproof, and salable, pipeline companies must guarantee that they can produce enough gas themselves, or can buy enough gas under firm contract, to keep their lines running near capacity for the life of the bonds. They must also show that they have firm sales contracts that will yield the interest and amortization to cover those bonds.

• **Not Built for It**—If, as Interior Dept. would have it, pipeline companies were

bound to carry other gas than they had contracted for, gas that would be sold to other markets than the pipeline companies had guaranteed, their financial structure would be seriously shaken. They would have to divert part of their capacity to carry these "outside" shipments. Or, in cases where they had to use all their capacity to meet their own customers' demands, pipeline companies would be required to lay additional lines—up to an amount equaling existing capacity—to carry gas other than their own.

In a sense, then, Interior Dept. could force pipeline companies that are common carriers to double their investment—something that not even the Federal Power Commission is empowered to require.

• **Choice of Laws**—There's a law on the books, Section 28 of the Mineral Leasing Act of 1920, that says Interior Dept. shall grant pipeline companies rights-of-way across public lands "... upon the express condition that such pipelines shall be constructed, operated, and maintained as common carriers."

This is the law on which Interior Dept. is basing its case. It clearly favors Interior Dept.—as far as it goes.

But there's an amendment to that law, written in 1935, that reads the same way except that after the words "common carriers" there is a comma, and the law reads on "... and shall accept ... without discrimination oil or natural gas produced from government lands in the vicinity of the pipeline. . . ."

This is the law on which pipeline companies base their case. They argue that since the amendment specifically mentions gas produced from public lands it was the intent of the legislators to exclude all other gas from the right of transport on the "common carrier" pipeline.

• **First Issue**—In spite of the fact that pipelines have been criss-crossing public lands for years, the question never really came to issue until last summer. That was when El Paso Natural Gas Co. applied to Interior Dept. for right-of-way for its pipeline across 16 miles of public land in Arizona. El Paso's attorney drafted a stipulation for granting the right-of-way based on the 1935 amendment. Interior Dept. accepted it in August.

Shortly, Interior Dept. reneged. In March Interior wrote a new stipulation, based on the 1920 version of the law, that required El Paso to carry gas for all comers on its \$45-million line between west Texas and Toppock, Ariz.

• **Test Case**—El Paso balked. Since its president, Paul Kayser (picture), is also head of the Independent Natural Gas Assn., it was appropriate that El Paso should lead the way in testing the stand of the pipeline companies in court. It sued—on two counts:

(1) That Interior be required to grant right-of-way without forcing El Paso to accept the new stipulation;

(2) That Interior be declared powerless to require any such terms.

• **Halfway Ruling**—In its decision last week, the U. S. District Court in Washington granted Point 1, on the ground that Interior backed out of its approval of the original stipulation. This was a setback for Interior, and it intends to appeal. But the court found it unnecessary to rule on the second point. That's where the trouble for the industry as a whole comes in.

The decision leaves Interior free to demand the same stipulation of practically any other pipeline—new or old. It will surely ask it of any new applicants. And since most existing pipelines have already signed the looser common carrier agreement, Interior now can present them with the new stipulation as its interpretation of what that agreement means. It has a free hand to force the issue whenever it likes in another case. There is every indication that it intends to force it.

• **What's Eating Interior?**—There was plenty of speculation this week as to why Interior was playing so rough, but no solid answers. Some thought that the long and bitter jurisdictional disputes between FPC and Interior may be involved. Certainly, if Interior puts its view on common carriers across, FPC will be less than the absolute regulator of interstate pipelines it now is; Interior would share the jurisdiction.

Textile Buyers Hold Off

And mills face shutdowns. Trouble: Buyers still expect lower prices, even though Congress banned rollbacks. Cotton goods sales at virtual standstill.

Textile mills across the country will be reopening next week after week-long Fourth of July shutdowns. Big question in the industry: How long will they stay open? Some mills have already decided on extending the holiday; others are considering it.

The industry is, in the middle of a slump, and the end is not in sight. Inventories are top-heavy. Price uncertainties have the buyers shying off. Uncertainty is the key to the whole situation, as it has been for a month.

• **Vanished Dream**—The slump is particularly hard for the industry to bear because the second half of 1951 was supposed to be a bonanza. Just about everybody's crystal ball had given the same answer: Hard goods would become scarce in the second half. The public's rising buying power would gallop off after textiles.

It hasn't turned out that way. Last week two things happened that, separately, might have cleared up the deadly uncertainty. But together, they just made it worse.

• **Ban on Rollbacks**—First, Congress banned price rollbacks, just a couple of days before the mills had to submit their price data. Normally, that would have brought the buyers back into the market. After all, there was no further sense in waiting for price cuts that weren't going to happen.

Before the rollback ban could have an effect, the cease-fire talks in Korea popped into the news. In recent weeks, military buying has made up most of the textile demand. Would peace in Korea mean a serious curtailment of our defense program? Some mill men are afraid it would and also that this slackening would cause civilian buyers to hold off, too.

At best, this could mean merely a short-lived buyer reaction. At worst, it could mean a real collapse of the market, just when some thought there was a smell of revival in the air.

Washington economists, incidentally, don't share these dismal views. They doubt that a Korean settlement would have any adverse effect on textile buying, either military or civilian.

• **Inadequate Orders**—All this puts the mills back where they started. Orders just aren't big enough to keep very many of them running full tilt.

In the South, for instance, most plants welcomed the vacation breather. Few had enough work on hand to avoid annual shutdowns. Those that

did were working on military orders for heavy-duty cloth, like duck and cargo parachute sheetings.

Cotton sales, both yarn and cloth, have been almost at a standstill for the past four or five weeks. That has brought cancellations and second-hand offerings below mill prices.

• **Hosiery**—Knitters, bolstered almost entirely by military orders, also are scrounging for civilian business. Hosiery demand is slow, prices weak.

Just about the same is true in New England. Woolen and worsted mills have practically no orders for the coming spring season. Unless business starts flowing in by July 15, there is bound to be a shortage of orders for the last half. Even a quick revival may leave the season on the short side.

• **Shutdown**—Carpet makers have been hit, too, forcing a couple of price cuts. Last week Bigelow-Sanford Carpet Co. decided to shut down its Thompsonville (Conn.) plant from July 6 to July 30. Only the last two weeks of that is for annual vacations. Alexander Smith, Inc., is planning some curtailment on popular-priced lines.

Business is even worse for rayon dress good weavers. Northern mills sum it up this way: "It was the worst second quarter in 30 years." In Dixie most of the expected cutbacks will probably come in rayon mills.

• **Deflation**—But industrywide, textiles are a big reason for a lot of the current deflation talk. The lull comes after about a year of boom production. That accounts, in part, for the present outlook. Inventories have piled up.

Prices, however, are probably more to blame than inventories.

Take cotton. First, there is the price control muddle. It kept many buyers on the sidelines. Now Southern mill men say there's a lag because of the lower raw cotton prices quoted for future deliveries. Old-crop contracts are 7¢ higher than new-crop bids. After July 15 cloth prices will be tied to October futures. When that happens, it means costs will be figured on the cheaper raw material.

It's about the same with wool. Raw wool has been dropping fast. One grade of Australian wool opened at \$2.68 last August, soared to \$4 a pound during midwinter, and now is selling for \$2.16. With that kind of market, cloth buyers can't do much else but stay out.

• **How Long?**—It's anybody's guess how long the slump will last. Most think that once prices settle down textiles probably will start looking up again.



New Chief Takes Over an Old Business

In all probability, John B. Dunlap (right) will have the distinction of extracting more revenue from U.S. taxpayers than any man in previous history. He will take over Aug. 1 as head of the Bureau of Internal

Revenue, replacing George J. Schoeneman (left). If Congress adopts the new tax bill passed by the House (BW-Jun.23'51,p24), Dunlap will rake in something like \$66-billion a year for the government.

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BUSINESS BRIEFS

Brewery stock is "a good investment," CIO's brewery union told Milwaukee members. The union urged members to buy, and itself bought shares of Pabst—with which it has contracts.

GE withdrew its injunction against Macy's department store. It won the court order last January to stop Macy's from selling GE products at below fair trade prices (BW—Jan. 27 '51, p. 56).

Controls on rubber may start coming off by late summer. NPA said it will drop the ban on spare tires for new cars by Sept. 1. About the same time, General Services Administration is expected to let manufacturers start buying their own rubber again.

Businessmen in five states—Ohio, Michigan, Indiana, Illinois, and Wisconsin—banded together to promote industrial development in the Great Lakes area. About 85 of them organized the Great Lakes States Industrial Development Council.

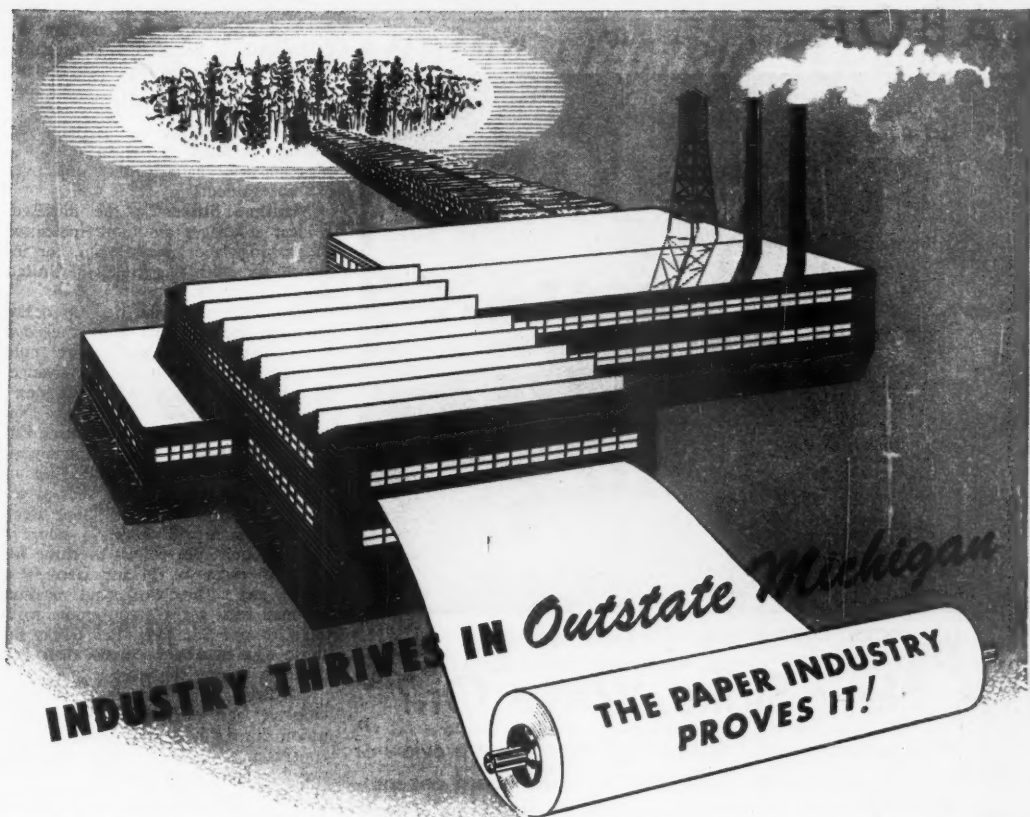
Richfield Oil lost its antitrust case in the U.S. District Court in Los Angeles. The court supported Justice Dept.'s contention that company agreements with several thousand service stations restricted them to dealing in Richfield products and Richfield-sponsored accessories.

A turboprop transport design won an Air Force contract for Lockheed. The four-engine cargo carrier, the L-206, will be squat, sturdy, and very fast.

By last count of the Bureau of Census, New Boston, Ohio, had less than 5,000 population and was therefore declared, under state law, to be a village—not a city (BW—Oct. 14 '50, p. 72). It won't stand for it. The "city" council hired five private census takers for a recount.

Birmingham's transportation system, once owned and operated by Birmingham Electric Co., went to a new owner by order of SEC. Birmingham Transit, a new company, bought the system for just over \$2-million.

Walter Reuther, president of UAW, bobbed up with a new Reuther Plan designed to curb unemployment as auto companies shift to military output. Reuther would pool all machine tool manufacturing capacity in the country under NPA. Small shops would ship parts to central assembly points. Reuther says this would cut delivery time on critical tools by 50% to 75%. Machine tool builders are skeptical.



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Kalamazoo and neighboring communities like Otsego and Plainwell make up one of America's great paper-production areas. Here are 11 paper mills, two of which also convert paper into more advanced products. Their combined annual production amounts to approximately \$200,000,000 a year.

Paper from the Kalamazoo area goes into magazines, labels, direct mail advertising, cigaret packages, catalogs, newspapers, cartons, boxes, fine ledger paper, bond stationery. It also goes into food containers and food protection papers, cups, plates, plaster board, wrappers, automobile door liners and many specialties.

Paper mills thrive in other parts of *Outstate Michigan* too — at Adrian, Battle Creek, Cheboygan, Grand Rapids, Manistee, Muskegon, Palmyra, Rochester, Rockford, and Vicksburg.

Neither Kalamazoo nor any of the other communities mentioned is a "paper town." They are typical *Outstate Michigan* communities, diversified as to industry, good places to live and work and raise a family.

Paper-making is only one of hundreds of industries that thrive in *Outstate Michigan*. Probably your own industry is among them. *Outstate Michigan* is outstanding as a producer of automobiles, furniture, chemicals, pharmaceuticals, machinery, breakfast foods, stoves, furnaces, salt and many other items.

This may be just the place for your new plant or distribution headquarters. Check the list of advantages below, then write, telephone or wire for further information.

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Black area on map shows
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LABOR



PICKET LINES are getting to be familiar sights again.

Is a New Strike Wave On?

The increase in wildcat stoppages could be a preview of major disturbances to come. Now that the wage board has indicated what it will allow, unions are expected to try to cash in.

After months of comparative labor quiet, strikes are building up again. They could be isolated instances of breakdowns in the peaceful processes of collective bargaining. Management hopes they are. But they could also be omens of new labor troubles.

• **Wait for WSB**—The quiet on the labor front in recent months hasn't been so much of a peace as a truce. It has been based less on contract satisfaction than on the uncertainties of national wage policy.

As long as the Wage Stabilization Board had not given any concrete ideas of what it would permit in wage boosts, unions were cautious about striking. They felt they might lose more than they could gain.

Now WSB is beginning to set the limits of gain that it will permit in union contracts. As it does, it sets standards for unions to go after.

Take the case of the United Steelworkers (CIO). USW has a contract running to Jan. 1, 1952, signed last December when the union got a raise of 16¢ an hour (BW—Dec. 9 '50, p88). The 16¢ sounded good in December—good enough for the union to agree to

forego a wage reopening early this year.

Now, with WSB approval, other unions have pushed ahead to bigger gains. As a result, there are reports of unrest in the steel union. There's a lot of rank-and-file talk of bringing pressure on the industry to open up USW's wage clause "voluntarily" before the end of the year. The aim, unionists say, would be to "catch up" with other unions on wages.

• **Lewis Leads**—One of the things that rankles most with the steelworkers is the fact that John L. Lewis shrewdly managed to push his United Mine Workers well out into the lead in 1950 1951 wage terms. Lewis signed for a 70¢-a-day raise for miners early in 1950, negotiated another \$1.60-a-day increase this year—a total increase, in one year, of \$2.30 a day for miners as compared with USW's \$1.28-a-day gain.

• **Wildcats**—Contract gripes—in part aimed at USW's leadership—are behind wildcat strikes that have plagued Youngstown (Ohio) and other steel mills in recent weeks. And they undoubtedly are behind similar wildcat stoppages by members of other unions in other industries.

These wildcats generally have been quickies with no outward sanction by union leaders. But they serve as union pressure moves—putting management on notice that its employees aren't content with contract status quo.

As such, they are significant as the possible preludes to the main show—big-scale strikes later if union objectives are not gained.

• **Maritime Strike**—To the initiated, wildcat stoppages are more indicative of growing labor unrest than, for instance, the recent maritime and United Air Lines strikes.

The maritime strike tied up ocean shipping for 11 days—wasn't classed a "national emergency" strike only because unions guaranteed, in advance, to man ships moving defense cargoes.

Three CIO unions struck: the National Maritime Union, the Marine Engineers Beneficial Assn., and the American Radio Assn. NMU settled for an 8% wage boost; a 44-hour week at sea until Dec. 15, then a 40-hour week (most seamen will work 56 hours a week, as now, but collect overtime for hours in excess of 44 and later 40 a week); and a three-week paid vacation for men with a year's continuous service with one company, two weeks for those who worked for more than one company during the year.

MEBA got similar terms, plus an employer agreement to hire through a union hiring hall and new overtime concessions. ARA's wage settlement was higher, about 18%.

• **Air Line Strike**—The United Air Lines strike, settled through a truce last weekend, had a specialized issue. Air Line Pilots Assn. (AFL) demanded extra pay for handling DC-6B planes and a reduction in flying time from 85 to 70 hours a month in the big new four-motor planes. United opposed the demands as a "union attempt to saddle the air transport industry with the same featherbedding practices that already have ruined the nation's railroads." As government seizure of the line appeared imminent, United and the union agreed on a truce. During it, they will resume negotiations on terms for DC-6B aircraft.

• **Strikes Averted**—In the meantime, two major strike threats subsided last week. Western Union and the Commercial Telegraphers Union (AFL) reached a tentative contract settlement a few hours before an AFL strike deadline. It will give adult employees an immediate 13¢ hourly wage boost, plus 4¢ an hour effective Sept. 1. WSB must approve both amounts.

And Westinghouse Electric withdrew a requirement that the Office of Price Stabilization approve a raise in product prices before a 9¢ hourly raise negotiated with CIO is put into effect.

The 9¢ raise was agreed on by the



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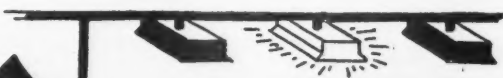
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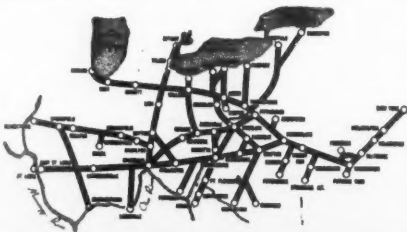
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corporation with the understanding that both WSB and OPS must approve it. WSB stamped its O.K. on the raise last week—and CIO's International Union of Electrical Workers notified the company that unless the raise showed up in pay envelopes by July 16 IUE would strike.

This week Westinghouse announced that, since Congress has taken action "forestalling price rollbacks," it will put the raise into effect without OPS acting. No price boosts are contemplated anyway, the corporation said. The OPS angle was included, it added, only because Westinghouse's price structure "was threatened by rollbacks and higher labor costs at one and the same time."

Drive on Garages

Machinists and teamsters will try jointly to sign up auto service people in Milwaukee—will follow with other drives.

For a long time, unions have figured garages and automobile service stations are a lush new field for organizing. Several—including CIO's United Auto Workers—have made stabs at unionizing mechanics and servicemen. But with a couple of exceptions, the stabs drew little blood.

Now a new campaign is under way in the nation's larger cities. It started suddenly in Milwaukee two weeks ago, as a joint project of the two unions that have made the only real progress so far in organizing auto service people.

• **Joint Effort**—The two unions, both AFL, make a strong team. One of them—the International Assn. of Machinists—has a lot of prestige among mechanics. The other—the International Brotherhood of Teamsters, Chauffeurs, Warehousemen & Helpers—is strong among truck drivers and warehousemen.

IAM and the Teamsters collaborated a year ago in a successful drive to unionize garages, auto salesrooms, parts shops, and large service stations in Kansas City, Mo. They also signed up the big Cadillac-Olds garage in Boston (BW—Feb. 4 '50, p86).

Using the same joint strategy, the unions will now try to organize 5,000 employees of 900 automotive shops in the Milwaukee area. Other big cities will follow, one by one.

• **Tailored Strategy**—The joint strategy is tailored to fit the auto servicing industry. For instance, since there are only a few, specialized employees in the ordinary small garage, the unions will bargain for—and sign—a single contract covering all workers who are members of both unions. Where possible, they will try for a master contract to blanket



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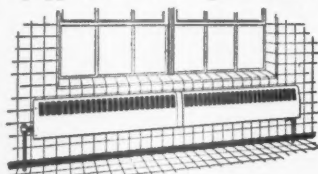


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Workers will be split up in this way:

- The machinists will get painters, body and fender men, mechanics, apprentices, and helpers.

- The teamsters will get parts-department employees, salesmen and countermen, checkers and packers, porters, motorcycle riders, and truck drivers.

The individual worker will be assigned to his union and will pay dues to it and participate in its affairs. Except for the fact that he will be covered by a joint contract, he'll be strictly a one-union man.

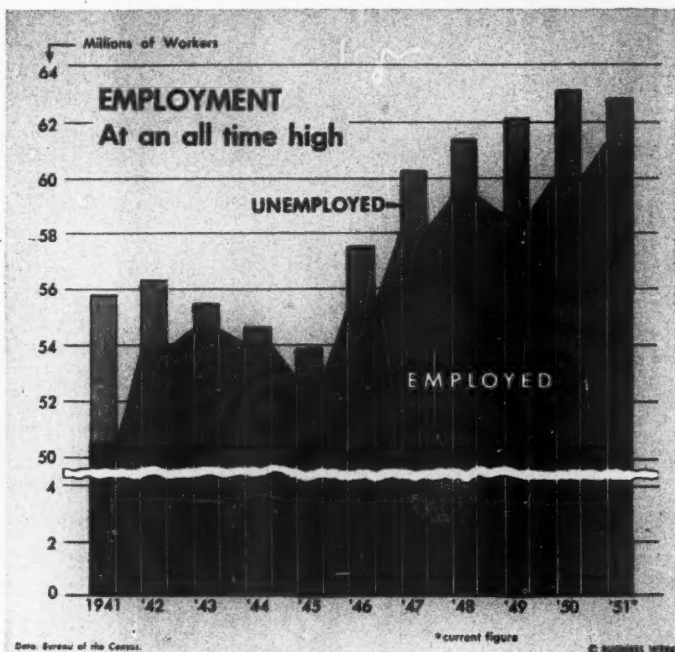
- **Appeal to Public**—The unions set off their organizing drive suddenly "in order not to tip off the industry in advance." A joint staff of 50 organizers began visiting all sales, servicing, and repair shops in the Milwaukee area. At the start, they merely distributed literature and union application cards. They reported "a slow but satisfactory" response—particularly from mechanics.

They didn't overlook a potent pressure-group—the auto-driving public—in the first stages of the drive. The unions warned the public that (1) competent mechanics and service men are being drained away from shops because they can get higher pay in industrial plants; and (2) inadequate pay for mechanics—many of whom get fixed rates for repair jobs—means a hurried, often slipshod, piece of work in order to finish as many jobs as possible in a day.

The unions urged the public to insist on work done by "properly trained and properly paid mechanics and other service personnel"—meaning, of course, union-contract servicemen.

- **Garages Answer**—The Milwaukee County Automotive Dealers' Assn. denied the unions' charges of incompetent employees due to low wage rates.

It admitted the help situation in the servicing industry is "tight" now, but said that garages are "holding onto [competent mechanics] fairly well."



Jobs Increase; Labor Force Varies

There are now more people employed than there were in the entire labor force when it was at its World War II peak. For almost all of 1951 so far, employment has run over 60-million. The latest count is 61.2-million. Yet the "reserve" of unemployed is still greater than it was in 1943, 1944, or 1945.

As businessmen well know, the dimensions of the labor force are highly flexible.

A sudden wealth of good jobs at good pay will sharply raise the number of people willing and able to work.

This doesn't mean, though, that the labor force is infinitely expandable. There's a limit to the number of halt, lame, blind, retired, youths, and housewives who can be induced to take jobs. It is now pretty generally agreed that the limit on employables is not far off.

How to move mountains at low cost



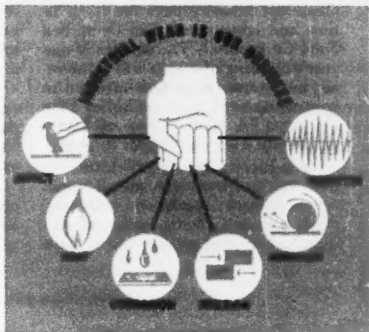
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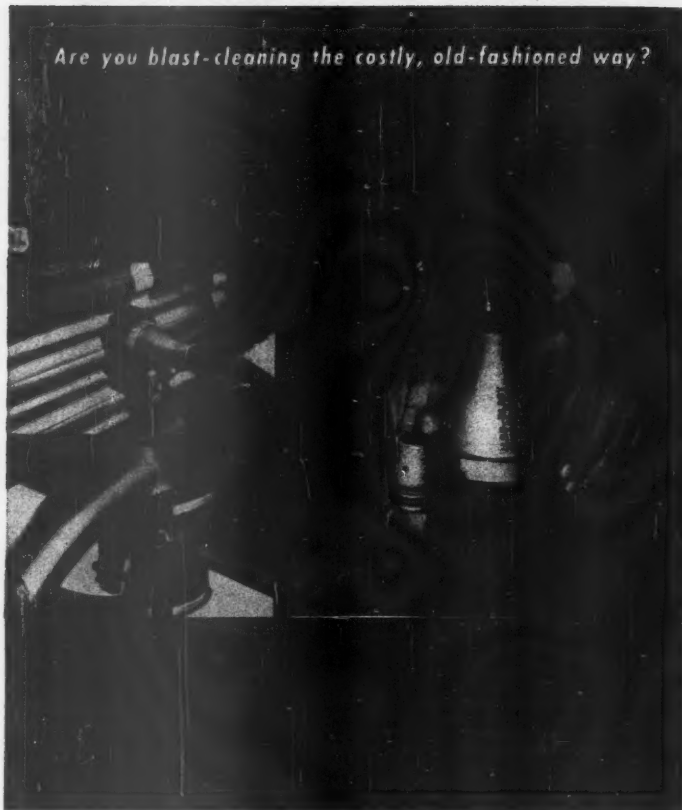
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Affiliate Hit

NLRB orders AFL teamsters local "disestablished" because it was dominated by an employer. That's new for the board.

When Congress adopted the Taft-Hartley law in 1947, it took note of complaints that the National Labor Relations Board had been discriminating against independent unions. It provided in the new law that henceforth NLRB must treat all unions alike—whether independent or affiliated with AFL or CIO.

Last week, in compliance with that rule, NLRB for the first time ordered an affiliated local union "disestablished" because it was dominated by an employer. The board voted unanimously to bar Jack Smith Beverages, Inc., of Jackson, Mich., from contract relations with a local of AFL's teamsters union. It also barred the local from getting its name on any future representation vote among Jack Smith employees.

• **Change in Policy**—Before T-H passed, NLRB would have ruled differently. It would have ordered the company to withdraw recognition from the affiliated local—but only until it could be certified as bargaining agent in a new "free" election.

The drastic penalty imposed by the board in the Jack Smith case would, before T-H, have been applied only against an unaffiliated local.

The board then reasoned this way: An affiliated local is under the influence and control of its parent international union; so once NLRB rules the local is employer-dominated, the international will purge it of all traces of domination, turn it into a "free union" again.

T-H barred the board from continuing to operate under that assumption. In March, 1948, the board announced a change in policy. It said that in the future it would "disestablish unions only when there is compelling proof of employer domination; this remedy will be applied identically to affiliated as well as unaffiliated unions."

• **First Test Case**—For the next two years, employer-domination cases before NLRB involved only unaffiliated unions. Then, last year, CIO's brewery workers charged that Jack Smith Beverages was backing a teamsters local in a campaign against the CIO union.

NLRB took the case and found what it said was "significant evidence" that the employer "unlawfully dominated" the teamsters local. Specifically, NLRB alleged that:

• The employer aided the local in signing up employees and paid the

new members' fees and dues without making any deductions from wages.

• The employer "hastily" gave written recognition to the teamsters local even though the CIO union had already asked for an NLRB election.

• The local thereafter "made no effort whatever" to obtain a contract for wages, hours, and working conditions from the company.

• The local failed to hold any meetings from the time it was formed in October, 1949, until the board investigation began more than a year later.

Office Cracks Down On Bathing-Beauty Garb

Employees of the New Hampshire State Division of Employment Security will have to dress formally at the office this summer. That is, they're going to have to wear shoes.

New Hampshire officials aren't the only ones to fret about the problem. Summer's first balmy breeze raised the same question in offices all over the country: How far should an office go in letting employees dress—or undress—for hot weather?

• **Not Too Far**—Personnel directors agree on one point: Strict rules may make workers hot under tight collars, but lenient surrender to employees' take-it-off or leave-it-off urges may be even worse—it can disrupt the morals, morale, appearance, dignity, and efficiency of a smoothly run office.

Recently, the New Hampshire State Division of Employment Security director, Newell Brown, posted notices for men and women employees. He said:

"Men will wear ties, buttoned collars, and long pants, without exception; suit coats optional; rolled or short sleeves optional; shirttails in.

"For ladies, backless, haltered, or strapless models are, regrettably, ruled out; likewise shorts; stockings or reasonable facsimiles will cover the legs; shirt-tails in.

"No bare feet."

• **Enforced**—The notices had a light touch, but the rules will be enforced, Brown warned employees. They are a necessary compromise between hot-weather wear and what's required for normal, efficient office operation.

Employees aren't too happy over the compromise. There's some grumbling from men over the ties-and-buttoned-collars edict. There's a lot more from the women over the backless-dress bar—which rules out the "cutest" cottons.

But the women have one consolation. The ruling that allows "facsimiles" of stockings gives the official nod to the summer trend to leg makeup.

What's Happening to the Cost of Living

	Total Cost of Living		Food		Clothing		Rent	
	Old	New	Old	New	Old	New	Old	New
May, 1941	102.9		102.1		102.8		105.7	
May, 1942	116.0		121.6		126.2		109.9	
May, 1943	125.1		143.0		127.9		108.0	
May, 1944	125.1		135.5		137.4		108.1	
May, 1945	128.1		138.8		144.6		108.3	
May, 1946	131.7		142.6		155.7		108.4	
May, 1947	156.0		187.6		185.0		109.2	
May, 1948	170.5		210.9		197.5		116.7	
May, 1949	169.2		202.4		191.3		120.4	
January, 1950	166.9	168.2	196.0	196.0	185.0	185.0	122.6	129.4
May, 1950	168.6	169.3	200.3	199.8	185.1	184.7	123.5	130.6
June	170.2	170.2	204.6	203.1	185.0	184.6	123.9	130.9
July	172.5	172.0	210.0	208.2	184.7	184.5	124.3	131.3
August	173.0	173.4	209.0	209.9	185.9	185.7	124.6	131.6
September	173.8	174.6	208.5	210.0	190.5	189.8	124.8	131.8
October	174.8	175.6	209.0	210.6	193.4	193.0	125.0	132.0
November	175.6	176.4	209.5	210.8	195.0	194.3	125.4	132.5
December	178.4	178.8	215.4	216.3	196.4	195.5	125.8	132.9
January, 1951	181.6	181.5	221.4	221.9	199.7	198.5	126.0	133.2
February	184.2	183.8	226.0	226.0	203.2	202.0	126.8	134.0
March	184.5	184.5	225.4	226.2	204.6	203.1	127.3	134.7
April	184.5	184.6	224.6	225.7	205.2	203.6	127.7	135.1
May, 1951	185.4	185.4	226.7	227.4	205.7	204.0	128.0	135.4

*BLS has revised its formula for computing the cost-of-living index (BW-Mar. 10, '51, p.112). Since the old index is still widely used in labor-management bargaining, BLS will continue issuing both sets of figures at least through 1951.

Source: U. S. Bureau of Labor Statistics.

Contracts Cold Shoulder New Index

Management and labor are going to have to do a lot of adjusting to convert to the revised cost-of-living indicator.

The Bureau of Labor Statistics' cost-of-living index rose to a new high of 185.4 in mid-May—climbing enough to give 1.2-million railroad workers a 1¢-an-hour wage hike under their c-of-l "escalator" clause. (They got 6¢ last time, based on BLS' 184.2 mid-February index figure.)

• **Two Indexes**—Since mid-February, BLS has issued two monthly c-of-l figures (table). One is the bureau's "old" index, as set up in the 1930's; the other is its "new" index, adjusted to correct an out-of-date rent factor and to modernize family-budget items (BW-Mar. 10 '51, p.112).

Both old and new c-of-l computations gave the same over-all index figure for mid-May—185.4. This is the third straight time the two indexes have showed little or no variance.

But whether they're the same or not, most of the 3-million workers under c-of-l clauses aren't interested in the new series. Almost all contracts specify that the old figures will be used, as long

as they are available, for computing pay adjustments.

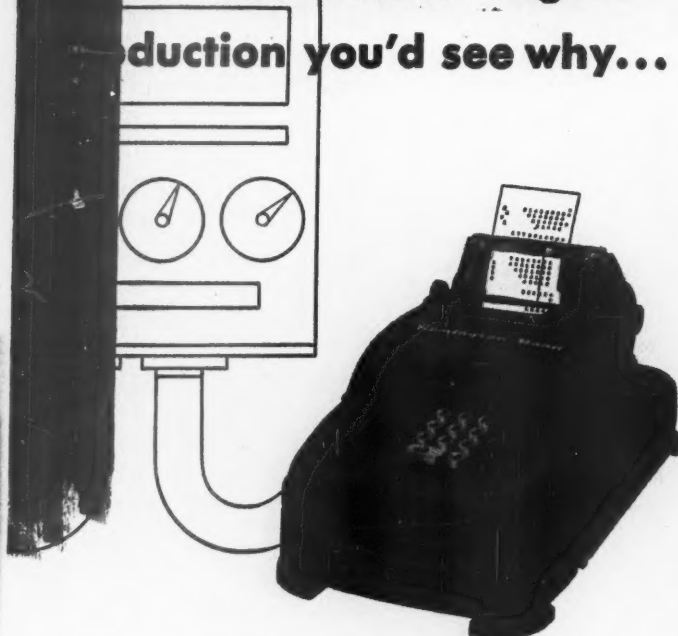
According to BLS, this will be "at least through 1951." Starting sometime in 1952, only the new figure will be published. Labor and management will have to convert their c-of-l clauses to BLS' adjusted formula at that time.

• **But How?**—Most union contracts merely say that when and if the old index is dropped, "the index will be invalidated as a means of computing wage adjustments." Contracts will be reopened to develop "a new basis for computing adjustments in wages due to changes in the cost of living."

Some contracts specify that if parties can't agree on a conversion formula within a reasonable time the c-of-l clause will be voided—and the whole wage structure in the contract will be reexamined.

Such a situation has explosive possibilities. So BLS recently warned management and labor to keep in mind the "important considerations . . . in-

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volved in converting from the old to the adjusted index." The gist of its advice: Contracting parties with c-of-l clauses should be giving some forethought to the eventual need for converting to the new index.

• **Some Have**—A BLS survey of c-of-l clauses indicated that some employees have already agreed with their unions on a conversion plan. General Motors and the United Auto Workers (CIO), for instance, worked out a mathematical conversion formula and added it to their contract last March.

The railroad unions also have come to terms with carriers on what will be done when BLS drops its old index: BLS will be asked to "furnish a conversion factor to adjust [the old index] to the new basis."

LABOR BRIEFS

Wage-boost requests must now be filed with the nearest Wage-Hour Administration office. One original and five copies are necessary. Petitions sent directly to WSB in Washington "will be bounced back."

Another 2¢ increase for AFL and CIO packinghouse workers, to widen differentials between job rates, was O.K.'d last week by WSB. Board already had approved a 9¢ raise. The full 11¢ negotiated by the unions in February has now been O.K.'d.

Decertification pleas filed with NLRB by groups of employees in two Pittsburgh department stores, and aimed at three AFL unions, have been rejected by the board. Union policy during a strike led to the pleas (BW—Jan. 27 '51, p116).

Farm workers aren't covered by Taft-Hartley, so a secondary boycott by their National Farm Labor Union (AFL) against the DiGiorgio Fruit Co. in 1948 wasn't a violation of the law. NLRB so ruled recently in dismissing charges against the union.

A funeral co-op set up by CIO's auto union in Detroit aims at cutting in half the \$1,000 that auto workers' families usually have to pay for a funeral. If the co-op works, UAW plans to extend it later to other cities.

A whiskey breath doesn't mean a man is drunk or has been drinking in work hours, an arbitrator ruled recently. He ordered the Mengel Furniture Co., of Laurel, Miss., to reinstate a discharged worker, with \$828.74 back pay. A foreman fired him because he "smelled liquor on the man's breath."

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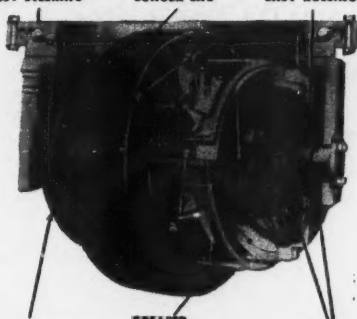
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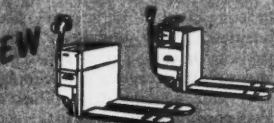
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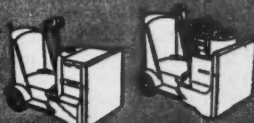


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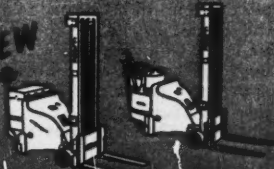
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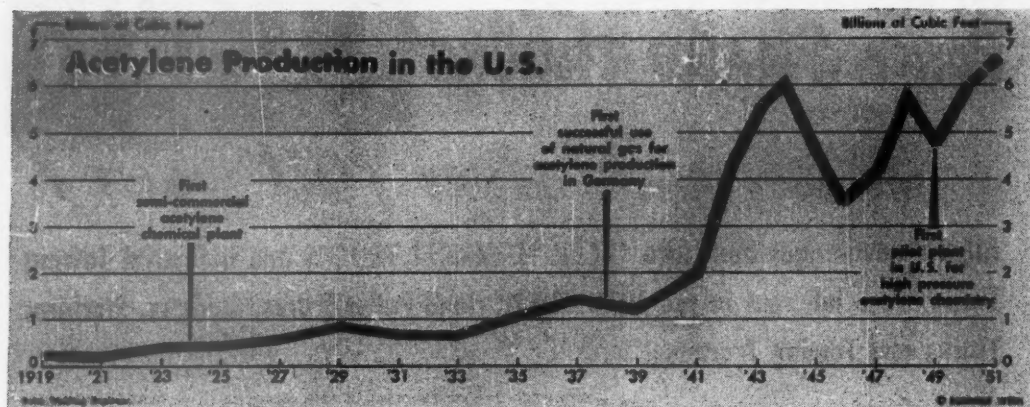
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PRODUCTION



Chemists Give New Play to Acetylene

The chemical industry is always on the prowl for new building blocks. The blocks it wants are raw materials from which it can build organic chemicals.

Right now, acetylene gas is a front runner in the building-block race. Two developments are partly responsible:

- A new German processing technique has added a lot of new chemicals to the list that can be made from acetylene. The old list included plastics, synthetic fibers, rubbers.

- Natural gas is giving calcium carbide formidable competition as a base from which to make acetylene.

- **Heavy Use**—In 1950 acetylene production was about 6-billion cu. ft. That figures out to about 414-million lb. Of this, nearly 300-million lb. of acetylene was converted into chemicals. The rest was used for welding and torch cutting.

Derivatives of acetylene are scattered all over the chemical field. Vinyl chloride, the base for vinyl plastics, is one of them. Du Pont uses acetylene in neoprene, the special rubber that is slated for a production boost to 100-million lb. this year. And the chlorinating of acetylene produces a chemical called acetylene tetrachloride, a fine solvent and degreasing material. It's taking the play away from carbon tetrachloride in many places.

Acetylene will soon move into another broad field as a raw material for acrylonitrile, which is now made from ethylene oxide. Acrylonitrile is used in such synthetic fibers as du Pont's Orlon, Union Carbide's Dynel, and Chemstrand's Acrilan. American Cyanamid has developed an acrylic fiber, and Tennessee Eastman is reported to be researching a similar product. Buna

N-type synthetic rubbers for oil resistant uses are also made from acrylonitrile.

- **Pilot Plant**—Sounds of an even bigger deal for acetylene chemistry are coming from a new pilot plant of General Aniline & Film Corp., at Grasselli, N. J. There, the war-born ideas of a German chemist, Dr. Walter Reppe (BW—Nov. 2'46, p46), are being put to work. Because Germany lacked petroleum, Reppe turned to high-temperature, high-pressure processing of acetylene to produce organic chemicals. After the war GA&F got the American patent rights.

The Reppe chemistry practiced at the Grasselli plant is highly technical. The essence of it is that with one set of equipment you can turn out a wide variety of chemicals, some old and some new. The ability of the process to turn out new chemicals is its greatest advantage, but it may also serve to reduce costs.

GA&F feeds acetylene into one end of the plant. By changing reagents and catalysts and pressures and temperatures, and by turning a few valves, it is able to produce such diverse chemicals as vinyl monomers, butylenediol, propargyl alcohol, and dimethyl chloroacetal.

- **Production**—That's the lively picture of the chemical side of acetylene. At the other end of the scale—the production of acetylene itself—another quiet revolution is taking place. Natural gas is getting ready to challenge the supremacy of calcium carbide as the prime source of acetylene.

Carbide is a convenient acetylene source. Add water to a ton of it, and you generate about 9,000 cu. ft. of acetylene—better than 99% pure. To

make the carbide, mix a ton of lime with 1,300 lb. of coke, subject the mixture to 3,000 kwh. in an electric furnace. From the furnace tap hole, you'll get one ton of calcium carbide.

- **TVA Plant**—Six commercial firms and the Tennessee Valley Authority supply the nation's calcium carbide. Union Carbide & Carbon Co.'s Electro Metallurgical Division operates seven plants. It has the largest potential output in the U.S.—718,000 tons per year.


Air Reduction's National Carbide division has four plants, built or building, with a combined capacity of 400,000 tons per year.

TVA is the third-largest potential producer. Its Muscle Shoals (Ala.) plant can turn out 80,000 tons per year, but it's in standby condition right now. Other producers are Mid-West Carbide Corp., Monsanto, Pacific Carbide & Alloys Co., and American Carbide.

These plants are in a strong position to compete for the growing acetylene business. They operate a technically proven process, make an easy-to-ship and easy-to-store product. Storage hoppers and generating facilities are all that consumers need to make acetylene from carbide.

- **Difficulties**—But there are drawbacks to expanding carbide capacity. The process seems to have come to a standstill technically; no big improvements are in the offing. Any major cost reductions will have to come from cheaper power and raw materials. Lime and coke are already relatively cheap; cost-cutting won't come from them. And there's only a limited supply of cheap electricity around.

- **Problem Skirted**—Producing acetylene directly from natural gas skirts



**"YES, one bath
is enough..."**

**...and tests proved that
a Pennsalt chemical cleaner
can double in steel!**

A large mill was giving strip steel two cleaning baths prior to galvanizing...one immediately after cold reduction, the other in the galvanizing shop a week or two later.

"Can't we combine these two cleaning operations?" That was the question put up to Pennsalt.

A highly-trained Pennsalt technical team swung into action, and soon came up with the answer... "yes, you can cut out one bath!"

It wasn't an easy answer to find, because the galvanizing shop cleaning tanks hadn't been designed to do a double cleaning job. Pennsalt chemical technicians had to start by compounding a special dual-purpose cleaner, suitable for use in this small-capacity tank arrangement.

The special cleaner had to remove two types of soil. It had to be powerful yet safe. It had to be long-lasting. Difficult? Certainly, but far from impossible for a basic chemical manufacturer like Pennsalt.

Exhaustive tests proved how right the Pennsalt chemical technicians had been. Not only were the adherence tests excellent, but the finished product came out of the galvanizing shop with more "shine". Rejects due to faulty cleaning were nil. Cleaning costs were significantly reduced and the second set of cleaning tanks were released for other work. **It was a typical Pennsalt chemical answer!**

Cost-lowering, production-boosting answers like this are frequent at Pennsalt. Pennsalt Chemicals are solving problems

in nearly every major industry, as well as in agriculture, homes and departments of public health. Perhaps they can supply you with a helpful answer. Specific inquiries are invited. Pennsylvania Salt Manufacturing Company, 1001 Widener Building, Philadelphia 7, Pa.



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around the power problems. Chemical producers are scrambling to cash in on the low cost of natural gas at the wells and along the pipe lines.

Right now, the four processes for converting natural gas to acetylene all have technical shortcomings. They produce acetylene in low concentrations so that it must be purified. Olefins, aromatics, and carbon have to be removed. Further, a natural gas acetylene plant takes higher capital investment than a carbide generating setup.

Here is a rundown of the processes: **The Schoch process** uses an electrical discharge that creates a low-temperature arc. Natural gas is passed through a series of circular chambers, each of which has three electrical discharge points. The discharge is created by using a stationary electrode just outside the gas exit port, with a rotating impeller in the chamber as the other electrode. Gas speeds through the combustion zone, is made to react by the electrical discharge, then is recirculated through coolers.

It is estimated that the product from a series of six chambers contains about 0.5% acetylene. In a 20-million-lb.-a year plant, acetylene from this process costs about 6.1¢ per lb., plus purification cost of 3.7¢ to 4.5¢ per lb. That includes amortization. Total cost of between 9.8¢ and 10.6¢ per lb. compares with about 11.3¢ by the carbide process.

The Sachse process uses natural gas or methane and oxygen. Materials are heated separately, then run through a burner that brings the reaction to about 2,700F. Acetylene makes up about 9% of the product gas before purification.

Union Carbide's Sachse-process plant at Texas City is said to be the largest acetylene-generating unit in the world. First year's operations have been so successful that Carbide is doubling the plant's size. Chemical Week, a McGraw-Hill publication, estimates that cost of pure acetylene by this process will run around 10.7¢ to 9.5¢ per lb. in a 20-million-lb.-per-year unit.

The air oxidation process requires higher preheating temperatures since it uses air instead of oxygen. The final product contains about 3.5% acetylene. This calls for higher concentration costs, but gets around the need for expensive oxygen facilities.

The Wulff process, like the Sachse, doesn't use electrical power. It cracks natural gas by heat at 2,600F in two regenerative-type furnaces. Natural gas is fed alternately to each furnace; one operates on the cracking cycle while the other is running on the heating cycle. Wulff-process acetylene should cost between 8.1¢ to 9.2¢ per lb.

• **Geography**—Whether natural gas can compete with carbide for the acetylene

chemical business is largely a matter of geography. The natural gas plants are largely in the Gulf area; shipping cost to distant points can wipe out the production cost advantage over the carbide type. But Chemical Week thinks natural gas acetylene products made on the Gulf Coast should be able to give carbide products from Niagara Falls a run for their money. In the New York market prices would be competitive on such chemicals as acetaldehyde, acetic anhydride, vinyl acetate, acrylonitrile, and vinyl chloride.

PRODUCTION BRIEFS

Oil from shale may be processed at prices competitive with natural petroleum at the Bureau of Mines' Rifle (Colo.) station. Boyd Guthrie, boss of the station, sees a good chance of it if the new retort now being built by Blaw-Knox Construction Co. lives up to expectations. The retort will raise the station's daily shale capacity from 8 tons to 400 tons.

Natural rubber doesn't have to be added to seven newly developed cold rubbers in production at the chemical division of U.S. Rubber Co. The synthetics can be tailor-made for specific jobs such as forming sponge rubber or dipping operations in tire making.

Use for old parachutes: The Air Force's Materiel Command salvaged 151,400 sq. yd. of nylon-silk-rayon fabric from unserviceable chutes last year, made it into bags for silica gel and personal apparel. Nylon and riser cords were made into press-cover draw strings for laundry and dry cleaning equipment.

The gas turbine will get a tryout in a helicopter under a Navy contract awarded to Kaman Aircraft Corp. Compared to the piston engine, the turbine cuts down weight by eliminating clutch and cooling systems, operates on low-grade fuel such as kerosene.

Hand pouring at American Smelting & Refining Co.'s Federated Metals Division has been replaced by machines that automatically cast solders and white-metal alloys into bar-type ingots for the commercial market. This cuts down the contamination and weight variations inherent in hand-poured bars.

Invasion pipe is the name for aluminum tubing being tested by the Corps of Engineers and the Aluminum Co. of America for use in military pipelines that must be transported by air. Cargo planes and helicopters can carry twice as much of it as they can of steel pipe.

What you can do about **ALLERGIES**

MILLIONS OF PEOPLE in our country are affected by some form of allergy. It is estimated that about four million people suffer each year from hay fever alone.

An allergy is a disorder or a *sensitivity* which some persons develop to normally harmless things like pollens, foods and dust. Many other factors may also be involved, such as chemicals, bacteria, etc.

The discomforts that occur when these trouble-makers come in contact with sensitive tissues are believed to be caused by a chemical called histamine.

This chemical is apparently released by the body's cells in such large amounts that the tissues themselves are affected and their normal functions upset. This results in sneezing, skin rashes, digestive upsets, and a variety of other discomforts.

Today, treatment for all types of allergy is becoming increasingly effective. There are diagnostic tests which help doctors identify even quite obscure causes. In addition, there are also new drugs which aid in controlling many allergic symptoms.



1. If you have an allergy, ask your doctor about the *antihistamines*. When administered under a physician's advice—as they must be, since they are toxic to some degree—they often give rapid, though *temporary*, relief.

The antihistamines are especially beneficial in those allergies which are caused by substances that are inhaled. For best results, however, these drugs should be used along with other measures designed to give more lasting relief.



2. If you have hay fever, the doctor may recommend that desensitizing treatments be given early in the year, long in advance of "the hay fever season."

This helps build up protection and enables many patients to go through the season with little or no discomfort. Prompt and proper treatment is desirable, as studies show that persons with untreated hay fever often develop asthma.



3. If you suspect a food allergy, consult your doctor about diagnostic tests which reveal foods that should be avoided.

Authorities caution against self-prescribed diets to relieve food allergies, because essential foods may be unnecessarily omitted.

It is especially important to follow this safeguard in infants and children who have digestive upsets or skin rashes thought to result from eating certain foods.

Emotional difficulties have been found to play a part in allergy disorders. Consequently, doctors may study the patient's background in an attempt to find and clear up emotional situations that may lead to more frequent or more severe attacks.

Today, through prompt and proper treatment—and *complete* cooperation between the doctor and the patient—most allergy victims can be greatly helped.

Please send me a copy of your booklet, 851-S, "Allergic to What?"



Name _____

Street _____

City _____ State _____

**Which one's
on your
payroll?**



Generally, people work faster, make fewer mistakes when they're cool and comfortable.

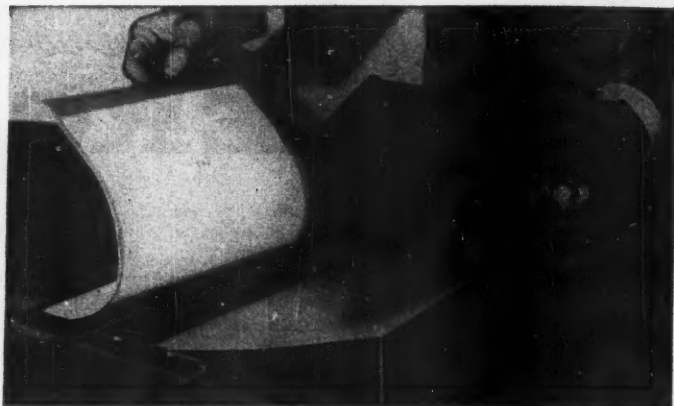
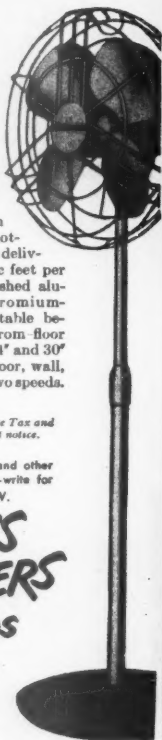
So don't put up with "summer slump" again this year. R & M Air Circulators pay for themselves in no time in terms of increased hot-weather output. Air deliveries up to 6500 cubic feet per minute! Bright, polished aluminum blades. Chromium-plated column adjustable between 5 and 8 feet from floor to center of fan. In 24" and 30" blades. For ceiling, floor, wall, or bench mounting. Two speeds. From \$104.00*.

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1 Film holder, called a cassette, takes a negative, a positive print paper, and, sandwiched between the two, an intensifying screen that increases the effects of the X-rays.

X-Ray Printing Picks Up Speed

Polaroid's new unit makes it possible to develop and print positive pictures in less than a minute. The technique has industrial, as well as medical, applications. (STORY ON PAGE 48)



2 Object is held against the cassette, then exposed to the X-ray machine.



3 After exposure, the cassette goes inside the self-contained developing unit.



4 Push a button, and the unit develops and prints the picture in about one minute. The operator pulls the finished print from the hinged container on the side.

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- Available to all International Truck owners
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- For a limited 3-month period ending September 30

How easily you can keep your Internationals operating at peak efficiency in an uncertain future may depend on what you do within the next 90 days.

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So get ready now to keep your trucks on the job despite shortages. The sooner you get your free Truck Saver Inspection, the sooner you see practical reasons why you should take advantage of our complete International Truck Saver Plan.

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The complete International Truck Saver Plan has been developed by experts, after a thorough study of today's truck operating problems. It offers these benefits to International Truck operators:

- 1. Better performance** over a longer truck life: trucks are kept in shape to do the most efficient job possible until they can be replaced by new units.
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- 3. Maintenance costs cut**, down time reduced: by preventing major breakdowns, a big saving is effected in both time and money.

- 4. Truck value maintained:** trucks kept in the best possible condition are worth more when it's time for replacement.

Take advantage of the International Truck Saver Plan now

If you want to save yourself trouble and money in the months ahead, you belong in the International Truck Saver Plan.

Get your free Truck Saver Inspection—find out from your International Truck Dealer or Branch how the plan can help you keep your Internationals going at peak efficiency.

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INTERNATIONAL TRUCKS

Heavy-duty engineered for the long haul

Blast Furnace Stove CLEANED!

**MAINTENANCE problem
solved with chemistry...
heating efficiency
of two stoves restored
in only 4 working days!**

The gas heating efficiency of two blast furnace stoves had fallen to 63.6% and 64.6%! In just four working days, *without dismantling*, Dowell Service raised the heat efficiency of these stoves to a satisfactory 82.7% and 79.0%. Mechanical rebricking of the stoves might have taken four or five weeks.

You may well ask, "How does Dowell give such excellent, quick results?" And, your answer is simply... experience... research and equipment. Dowell is the service pioneer in the cleaning of all types of industrial equipment with chemicals. Special Dowell solvents are pumped or sprayed into equipment to be cleaned. These solvents

are designed to dissolve and disintegrate deposits from all surfaces, even the most complex, *in a few hours*. Experienced Dowell engineers do the job using Dowell-designed pump trucks and control equipment.

Dowell Service has been effectively applied to boilers, heat exchangers, pipe lines and many different kinds of industrial process equipment *without dismantling and with a minimum of downtime*. Use Dowell know-how to save you money and time in your plant maintenance program.

Contact the nearest Dowell office for free consultation on your maintenance cleaning problems or write direct to Dept. 506 in Tulsa for more information.

by
**DOWELL
SERVICE**

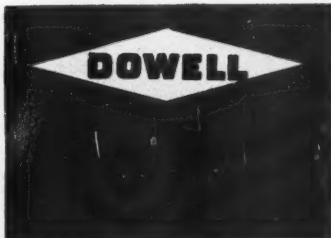


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80 strategically located offices
ready to serve all industry with—

- Maintenance cleaning service for industrial heat exchange equipment.
- Chemical services for oil, gas and water wells.
- Magnesium anodes for corrosion control.



"... The film is developed
with the push of a button
..."

X-RAY starts on p. 46

Soon there won't be those seemingly endless minutes while the radiologist develops your X-rays. Polaroid Corp., Cambridge, Mass., cooperating with Picker X-Ray Corp., has perfected a developer unit that prints an X-ray picture in 40 sec. to 60 sec. after the film is exposed. Designed for the Army Medical Corps, it will be used in combat areas for on-the-spot diagnosis of wounds.

• **Industrial Uses, Too**—Although it is just going into service and is possibly months away from the civilian market, the unit eventually promises many things for production men who use X-rays in nondestructive testing of their products.

In a foundry, for example, finished castings are sometimes examined for internal flaws by X-ray. Instead of waiting many minutes to develop a conventional X-ray shot, you'll be able to get the picture of your casting in a matter of seconds with Polaroid's system. Lengthy developing time won't hold up the foundry's production. And for any other product—if it can be X-rayed, it can be used with Polaroid's unit.

• **How It Works**—The whole operation works inside two self-contained parts: One, called a cassette, holds the Polaroid film; the other, a processor, does the developing and printing.

After it's loaded with film, the cassette is laid on the X-ray table, the patient or product is held against it, and the X-ray machine is turned on, exposing the film. Then the cassette is put inside the light-tight processing unit where the film is developed and printed with the push of a button.

• **"Positive" Negative**—Step for step, Polaroid's system is similar to conventional X-ray picture-taking. But its finished product has one difference compared to the usual X-ray picture. A standard X-ray is a transparent negative of an object. The Polaroid version is a positive print (or picture) comparable in quality to the Polaroid Land camera positive print.

• **Cost**—Polaroid won't make any estimates of comparative costs because the unit is just getting into production. It hopes that the elimination of work and darkroom chemicals will be the big cost savers, if the total cost of the unit and its films turns out to be high. Depending upon military demands, Polaroid can't see its product hitting the civilian market at least until the end of the year.

How Honeywell Controls help the World's Largest Bomber "thread a needle" from 45,000 feet



Speeding 45,000 feet above enemy territory, the B-36 makes a tough target for anti-aircraft gunners and interceptor pilots.

But—this lofty altitude also makes accurate bombing difficult. At nearly nine miles up, the slightest pitch, roll or yaw during the plane's bombing run can cause the bombardier to miss by hundreds of vital yards.

To help solve this critical problem, Honeywell's Aeronautical Division engineered a special adaptation of the Honeywell Electronic Autopilot. Coupled with the bombsight, the Autopilot flies the plane truer than any human pilot—holds the plane steady above its target. No wonder

it's said the B-36 can "thread a needle" 45,000 feet below!

That's only one of many vital functions which Honeywell Controls perform in the aircraft industry. You'll find them in hundreds of other industries, too, doing many different jobs. In thousands of trains, ships and buses. In millions of homes, schools, and commercial buildings where the familiar thermostat helps guard America's health and comfort.

This is the age of Automatic Control—everywhere you turn.

And Honeywell has been the leader in controls for more than 60 years.



America lives better—works better—with Honeywell Controls

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For information about automatic controls for planes, buses, ships, and trains; for heating, ventilating and air conditioning; for industrial processing—write HONEYWELL, Minneapolis 8, Minnesota. In Canada: Toronto 17, Ontario.

First in Controls

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NEW MACHINE WELDS:

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THE Sciaky Series PMCOST Three-Phase Welders are the first machines to successfully weld every one of the metals listed above and more. It is a result of Sciaky's experience in the manufacture of the majority of all welders ever used to weld to Air Force-Navy Specifications. If your production requires joining any of these metals, Sciaky will guarantee you economical, speedy work that meets all military specifications.

The trademarks of some of the leading companies using Sciaky Welders are shown here. Rely on their judgment and ask to have a Sciaky application engineer call. He is qualified to give your company complete technical assistance in meeting your welding requirements.

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Complete data on machines for ferrous and non-ferrous welding available on request. For specific information write today, outlining your requirement.

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NEW PRODUCTS



Cost-Cutting Descaler

It takes more than a fingernail to remove the iron oxide scales that form on forgings. You usually have to give the forgings a dose of sandblasting to clean them up for machining. But Pennsylvania Salt Mfg. Co. says the tenacious scales will scatter in a hurry if you treat them with a compound called Pennsalt SR-4.

You use the compound in a solution that consists of 500 lb. of SR-4, 12 gal. of weak muriatic acid, and 73 gal. of water—giving a total 100 gal. of bath solution. Place the forging in a sheet-iron dipping basket, immerse it in the bath for 5 min. Then the part is heat-treated. When you dip the heated forging in water, the scales actually shoot away from the surface of the steel, leaving it perfectly clean, Pennsalt says. The preheat treatment bath eliminates the standard blasting operation.

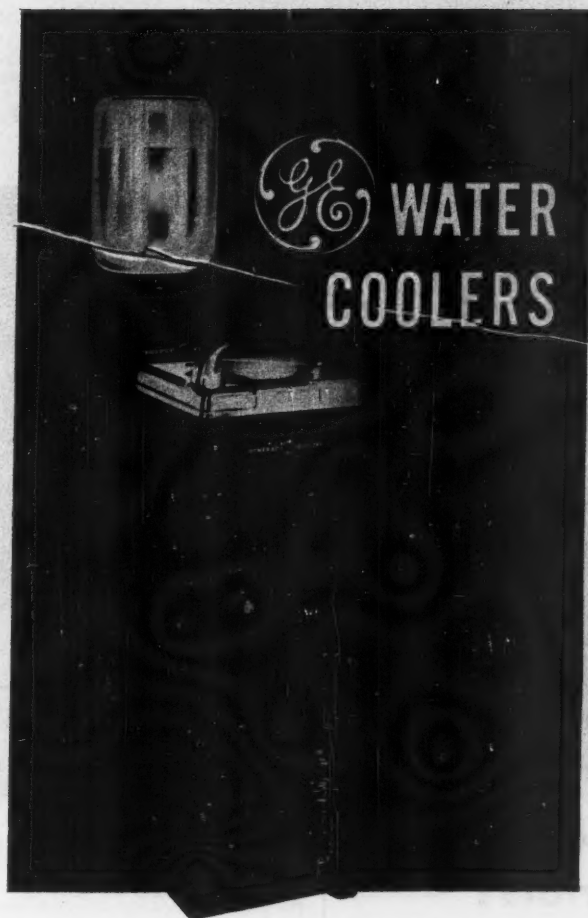
SR-4 reportedly performs well on carbon steel grades and on some alloy steels. The company claims its use means up to 90% savings in descaling cost. The compound is shipped in 350-lb. nonreturnable steel drums.

- Source: Pennsylvania Salt Mfg. Co., 1,000 Widener Bldg., Philadelphia.
- Price: \$17.50 per cwt.

Surface for Speed

Just by using a new table top, DeWalt, Inc., says you can up the output of one of its woodworking machines 100% and improve quality, too.

DeWalt's table top is made of 2-in. laminated maple, has four built-in rollers, a pressure hold-down, and two hold-in arms. The rollers make it easy to move the stock across the table; the hold-downs and hold-ins guide it and hold it in the cutting position. Use of



WATER AT WORK...can save you money! Cool, convenient, sanitary drinking water makes your payroll dollar worth more by improving employee efficiency and morale...increases sales by building customer goodwill.

You will like the handsome, new G-E Water Coolers. They are so economical—less than three cents a day average operating cost. You can be assured of their dependability—they're produced with the engineering skill and design experience of more than 25 years in refrigeration research and manufacture. You can choose from four popular pressure models and the bottle cooler, too.

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G-E Water Coolers, with their handsome styling, cool green finish, gleaming top, blend with modern office furniture.



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G-E Water Coolers, conveniently located, invite a welcome pause for a refreshing, cool drink. Customers will linger longer, be more favorably disposed to buy.

You can put your confidence in—

GENERAL  **ELECTRIC**



What removes grime and paint from old warriors?

... *A brush!* These veteran 36-ton army high-speed tractors are among a fleet being reconditioned throughout . . . down to the smallest bolt. The job includes the removing of dirt, rust and paint from all metal parts. And this is where power brushing comes in.

This large-scale cleaning operation is being done with Osborn Wire Wheel Brushes on portable air tools . . . a procedure recommended by the Osborn Brushing Analyst. These wire brushing tools bearing the Osborn trademark—remove the grime and rust and get down to the bare metal quickly.

Your problems, cleaning parts or finishing products to micro-smoothness, can be solved by your experienced Osborn Brushing Analyst! He will gladly respond to your request to survey your operations and suggest improvements. Call or write *The Osborn Manufacturing Company, Dept. 509, 5401 Hamilton Avenue, Cleveland 14, Ohio.*

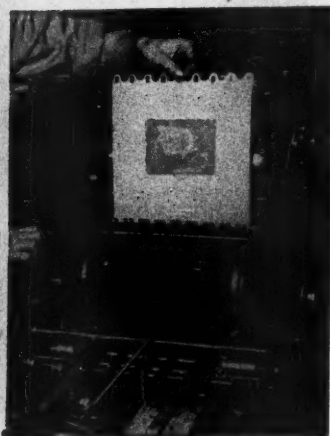


LOOK FOR THE NAME OSBORN . . . RECOGNIZED EVERYWHERE
FOR QUALITY WORKMANSHIP AND MATERIALS

the table top speeds operations such as molding, shaping, and grooving.

DeWalt says it's easy to remove the table top when you need the machine for other kinds of operations.

- Source: DeWalt, Inc., Lancaster, Pa.
- Price: \$196.



Faster Photo-Offset

A photo-offset plate made by Minnesota Mining & Mfg. Co. can be prepared for use in a matter of minutes; ordinarily plates take a half-hour to prepare, and you have to go through about 18 steps.

With a 3 M aluminum plate, you do just five things: (1) Expose the plate in a small light-box; (2) desensitize it; (3) coat it with a special image-developing liquid; (4) wash it; and (5) mount it on the press. There's no darkroom operation.

The plate is said to be capable of extended press runs, both line and half-tone, equaling the press life of standard zinc-albumen plates. It reportedly does not stretch or tear, as do presensitized plates made of paper and plastic. The specially coated surface is less apt to collect scum, so printing is cleaner.

The company's plate is designed for use on Multilith and Davidson presses. The 10-in. x 15½-in. model fits a Multilith; the 10-in. x 16-in. size is for a Davidson.

- Source: Minnesota Mining & Mfg. Co., 900 Fauquier Ave., St. Paul 6, Minn.

• Price: 50¢ a plate.

Quick Wall Washing

You don't have to turn a room upside down to do a good job of wall washing, claims Ross & Story Products Corp. That is, you don't if you use the company's wall washing machine. Neat, swift, and silent, it is supposed



ASSEMBLY LINE FOR DEFENSE !

Off the assembly lines and onto the tracks, new and repaired freight cars have been rolling into Pennsylvania Railroad service at a record rate . . . all part of the Pennsylvania's \$586,000,000 equipment program to be completed before the middle of next year.

Before the end of 1951 the Pennsylvania will have more than 200,000 freight cars in service, ready for any demand of industry or defense.

These will include more than 6,000 new cars built in the Pennsylvania's shops, 34,000 repaired cars and 20,000 new cars for which purchase orders were placed with car builders last year.

The estimated annual hauling capacity of these new and repaired cars is over 62,000,000 tons. That's 15 times the total tonnage of all of the 925 ships that made up the U. S. Navy in 1949.

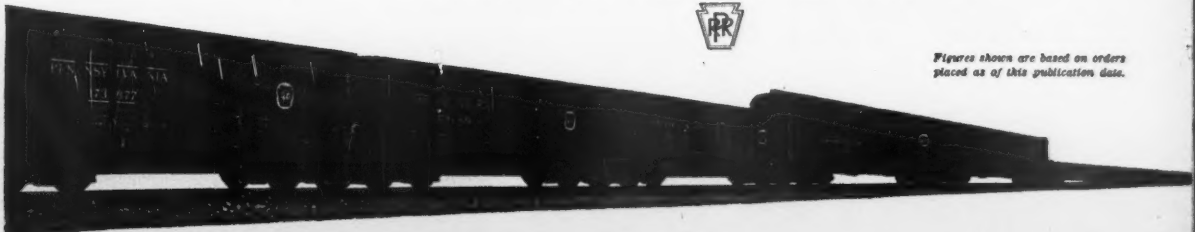
In addition to its extensive freight car program, the Pennsylvania ordered more than 1,100 new Diesel-electric locomotives, nearly all of which are now at work.

Thus the Pennsylvania's "Assembly Line for Defense!" from which a new or repaired car has been rolling into service every 2½ minutes of the working day, is doing its share to make certain we shall be ready for any transportation demand.

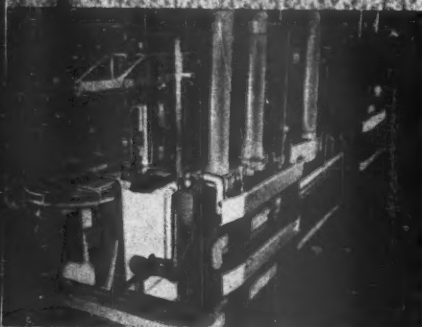
PENNSYLVANIA RAILROAD



Figures shown are based on orders placed as of this publication date.



The Achilles Heel of a Juggernaut is Armored with Nickel Plate by Udylite



A Udylite Full Automatic Plating Machine accurately nickel plates the fuel injection chamber parts to vitalize "Caterpillar" Diesel performance.

"Caterpillar's" new Diesel-powered DW20 Tractor literally moves the earth. It's just about as rugged a machine as you'll encounter—anywhere. But beneath that rough exterior are small parts—vital to good performance—made as precisely as a fine watch. These parts are given a super finish for better service and longer life—by Udylite Full Automatic Plating equipment.

"Caterpillar" is now experiencing many advantages with the use of Udylite equipment, such as reduced rejects—elimination of manual handling—a large saving in floor space—a steady work flow easily accomplished with a single loading and unloading station—and lower main-

tenance costs of work racks due to automatic handling.

Many other manufacturers have found the same results with Udylite Plating Machines. Udylite equipment provides continuous plating with laboratory exactness and minimum manpower . . . reduces production time and cuts costs. Your company, too, will find the Udylite Way the best way to achieve high output at low cost. Have a Udylite Technical Man show you how Udylite can improve your plating operations. There's no obligation. Either call your nearby Udylite representative or write The Udylite Corporation, Detroit 13, Michigan.

PIONEER OF A BETTER WAY IN PLATING . . .

**TESTED SOLUTIONS • TAILORED EQUIPMENT
AUTOMATIC CONTROL IN METAL FINISHING**

THE
Udylite
CORPORATION

to clean up to 5,000 sq. ft. of wall or ceiling surface in a day.

The 24-lb. setup has two aluminum tanks that hold a special cleaning solution and rinse water. Air pressure forces the contents of the tanks through 16-ft. hoses to cleaning trowels. Buttons on the trowels control the flow of liquid, prevent dripping and splashing. A thin film of solution does the cleaning job as you scrub the surface with the trowel.

Cleaning pads attached to the trowels are removable and washable. Ross & Story supplies the cleaning solution, called Wall Kleen, in 5-gal. containers.

• Source: Ross & Story Products Corp., Lincoln Bank Bldg., Syracuse, N. Y.

NEW PRODUCTS BRIEFS

A corn product that cleans machinery is put out by Agri-Indus Mfg. Co., Camden, Ohio. Called Cocob, it's particularly useful in the chemical and soap industries. The product is also an absorbent, drier, and polisher.

• **Self-Stop Marker** imprints more than 100 types and sizes of tickets, tags, and labels right in your plant. The manufacturer, Soabar Co., 5815 Erdrick St., Philadelphia, says it saves waste because you can quickly set it to print the exact number of tickets you want.

• **Rough handling** reportedly won't tear drawing reproduction paper made by Eastman Kodak Co., Rochester, N. Y. Called Kodagraph Autopositive Paper, Translucent, the tougher stock is more translucent than standard paper, turns out blueprints and direct-process prints up to 30% faster.

• **An electrical connector**, called Hubbell-Interlock, joins and detaches easily and quickly without the use of tools. The connector is self-locking and won't break under vibrations. Harvey Hubbell, Inc., Bridgeport 2, Conn., is the maker.

• **Metallic tubing** from Republic Steel's Steel and Tubes Division, Cleveland, Ohio, comes equipped with plastic armor to protect it from corrosive materials, such as fumes and gas. The Electrunite E.M.T. has a coating of Dekoron—a polyethylene protective cover.

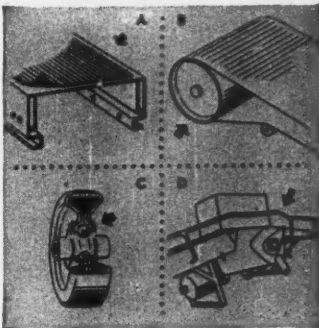
• **Opening a manhole** can be done with one hand, says E. H. Wachs Co., 1527 N. Dayton St., Chicago. That is, if you use a cover the company has designed with special counterweights. The cover can't slam or drop into the vault or manhole, can be opened from the inside by one man.

RAPISTAN POWERED CONVEYORS

are *Better* 3 WAYS

Flexibility

Now Rapistan gives you power wherever you need it! Flexible Rapistan power belt units can be hooked together quickly to form a fast, efficient "flow" line; later rolled to individual work points. Even fixed units can be moved with minimum effort. Because Rapistan power conveyors take less floor space, they can be used in crowded areas where other handling equipment would not be practical.

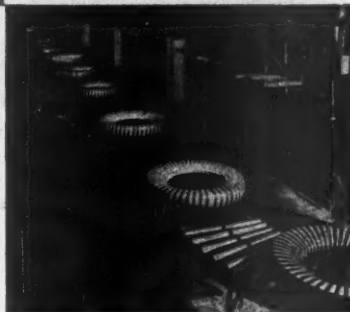


Quality

A. Special box-type frame construction made from one piece of steel—no welds! B. Belt pulleys machine-welded—uniform strength around hub, disc stays put! C. Wheel beds with exclusive lubricated-for-life ball-bearing wheels, for increased load capacity. D. Nosed-over delivery, to smooth the travel of packages from inclined to horizontal plane.

Value

Original cost is low, and is quickly paid off by dollars-for-dollar returns on your investment. On-the-job savings will add up rapidly through simpler loading, unloading, processing, storing; elimination of re-handling; increased working and storage space; reduced spoilage and breakage; and faster work flow. And your man-hour output is frequently doubled!



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410 Rapistan Building, Grand Rapids, Mich.

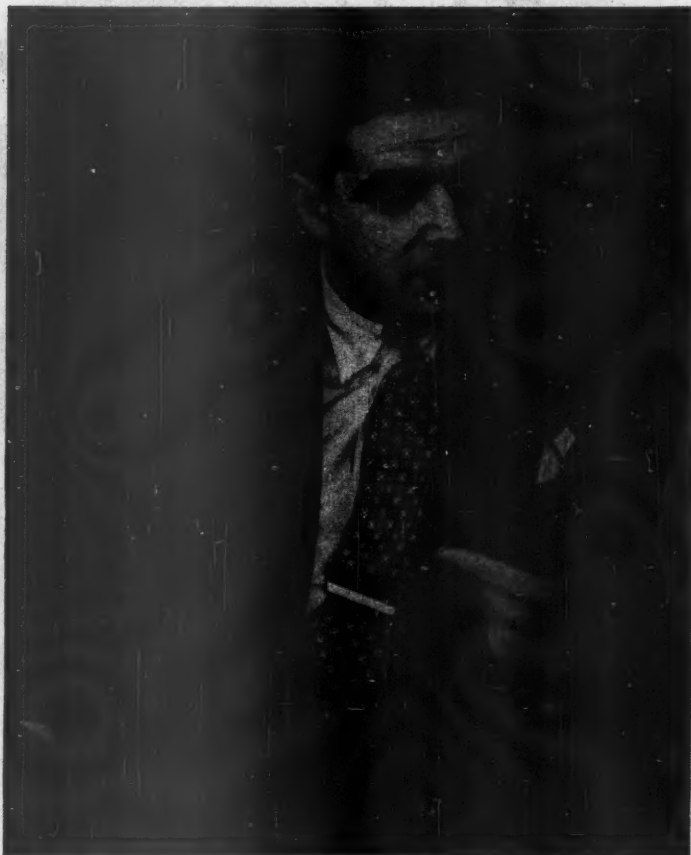
- ☐ Please send me Field Reports of new handling developments in my industry.
- ☐ Send me your illustrated brochure, "Rapistan Material Flow at Work," showing how cartloading is cut 80 to 8 man-hours; how a food processor saves \$200 weekly; how "flow" helps to beat rising costs.
- ☐ Put me on your mailing list for monthly handling ideas folder, "Rapid-Handler."

Representatives in Principal Cities

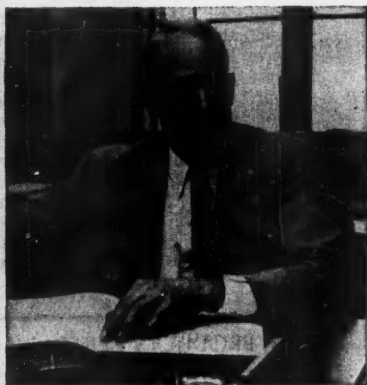


NAME _____
COMPANY NAME _____
TYPE OF BUSINESS _____
STREET ADDRESS _____
CITY _____ STATE _____

NAMES AND FACES



MANLY FLEISCHMANN: A lawyer and graduate of WPB . . .



MATTHEW HALE became assistant general counsel of the Commerce Dept.



JOHN HOLLANDS took Fleischmann's old job as general counsel of NPA.

He Typifies New Breed of Bureaucrats

Unless you come from Buffalo, went to Harvard, or worked for WPB during World War II, the chances are that you never heard of Manly Fleischmann before last February. That's when the youthful—he'll be 43 July 15—lawyer-bureaucrat became administrator of National Production Authority. NPA is a key government agency for businessmen because it tells most of them how much of what scarce materials they can have.

Now business is going to hear more than ever from Fleischmann. As mobilization director Wilson's choice to head the Defense Production Administration, he'll be making policy for NPA and all the other government agencies dealing with materials and

production controls (BW—Jun.30'51, p28).

• **Prototypes**—Any industry men who haven't met Fleischmann himself have probably run into his prototype if they've had any Washington contacts since World War II. Particularly if they have been dealing with government lawyers. For Fleischmann is one of the ablest of a new breed of Washington bureaucrats.

All of them are graduates of the legal staff of the old War Production Board. Many studied at Harvard; a surprising number have lived in Buffalo. Some were career bureaucrats before they went into WPB. More have stayed in government service since. Another group, like Fleischmann, returned for

a time to private practice, but couldn't resist a call to help out in Washington during the Korean crisis.

The group now has one or more representatives in most important federal agencies, including all the mobilization organizations. Their politics vary, with Republicans like Fleischmann holding most of the more important jobs. Most of them are liberals, and all enjoy working for the government.

I. The Job

In his new DPA job, Fleischmann has instructions from Wilson to get defense production rolling at a faster clip. That will mean some cutting of red tape and considerable hardheaded



H. GRAHAM MORISON is now an assistant attorney general in the Justice Dept.



THOMAS J. LYNCH moved up to be the Treasury Dept.'s general counsel.



WILLIAM KREBS, at 34, is general counsel of National Science Foundation.



MILTON KATZ has left government service after work with ECA abroad.



JAMES COOLEY is a WPB graduate who is sticking with ECA as its general counsel.



CHARLES KENDALL has been DPA's general counsel since the agency began.

Cut Handling Costs with the **Colson** LIFT-JACK System - it's as simple as ABC

A

Engage
Jack and Skid

B

Transport
Load

C

Release -
Ready to
Go Again

● Through production, in and out of storage, on and off freight cars or trucks, one Colson Lift-Jack, with wood or steel semi-live skids, does the work of many conventional hand trucks, saves time and money.

Other cost-cutting materials-handling equipment by Colson includes drum and barrel trucks, platform trucks, hand trucks and precision-built wheels and casters. Our engineers are glad to help you select the right equipment to meet your needs—exactly.

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ELYRIA, OHIO

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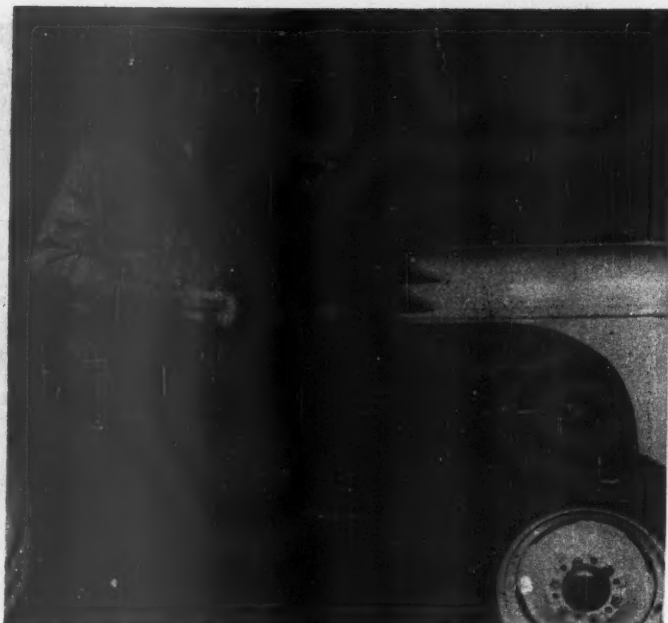
Position.....

Company.....

Address.....

City..... Zone..... State.....

THE COLSON CORPORATION
ELYRIA, OHIO



Factory finish restored in a flash

Another New Industrial Use for Aerosols

Farm, industrial and business machines of all kinds . . . from tractors to typewriters . . . are shipped from factories with a sparkling, shiny finish. Frequently, however, they suffer in transit . . . become scratched or marred. Today, manufacturers, anticipating this, wisely include with each shipment a supply of aerosol-packed paint in matching colors. Thus, the dealer can quickly and easily "touch-up" any mars before delivery.

Manufacturers, too, find these aerosol paints useful. Parts damaged during production can be "touched-up" on the spot. Also good for keeping machines looking new.

Aerosol paints are pressure-packed in small, handy containers. Easy to apply, they do a far better job than is possible with former methods. Anyone can quickly "touch-up" the apparatus. No bulky equipment, no brushes to clean, no opened paint to dry up. Easily disposed of, too.

This is but one of the scores of industrial uses for aerosols. These modern pressure-packed products contain a propellant which effectively and economically expels the active ingredient (paint, for example) in the form of a mist. Many manufacturers have found that aerosols save time, money

. . . make tough jobs easier.

The vast majority of today's aerosols contain "Freon" propellents because they are safe, of extremely low order toxicity, nonflammable and insure the satisfactory performance of all types of aerosols. If you are interested in aerosols, write for "Package for Profit" . . . a new 32-page booklet about the aerosol market and the use of "Freon" safe propellents. E. I. du Pont de Nemours & Co. (Inc.), "Kinetic" Chemicals Division, Wilmington 98, Delaware.

NOTE: Du Pont supplies only the "Freon" propellant used in aerosol paints, and does not market the finished product.



Better Things for Better Living...through Chemistry



"... Fleischmann can be expected to take a fairly hard-boiled approach . . ."

NEW BUREAUCRATS begins on p. 56

dickering with industry. Fleischmann looks thoroughly capable of both.

He will have to be tough, for defense production is lagging. Wilson figures it has slipped six months behind the timetable that he set earlier in the year.

Some of the slippage has resulted from industry confusion over production objectives and from snarls in materials supply lines. And DPA, which was created by Wilson early this year to avert such problems, hasn't done its job too well. But industry needs jacking up if Wilson's timetable isn't to be scrapped entirely.

Fleischmann can be expected to take a fairly hard-boiled approach. At NPA he fought for tough inventory controls—and lost. Then he fought successfully for the Controlled Materials Plan as a means of making industry buy only those critical materials they really need.

• **Expansion**—Fleischmann will be giving businessmen fits on several other counts, if he lives up to expectations. Under DPA, which had the final say on five-year tax amortization, government loans, and other programs to encourage industrial expansion, business went hog-wild on planning. New plants of virtually every description have sprouted since Korea.

This doesn't make sense for a variety of reason. But the fact that there won't be enough materials—especially structural steel—to build them in the next year or 18 months is enough for Fleischmann.

He has already given NPA the means for clamping down on construction in the brick and mortar stage. He approved the plan to allot CMP materials only to projects that survive thorough screening as to their urgency to defense. At DPA you can look for Fleischmann to apply similar standards in passing on future requests for government help in expansion.

He'll also measure expansion projects on how they fit with other plans. He may postpone starting a new aircraft plant, say, if he finds there won't be sufficient aluminum, machine tools, or anything else to keep the plant running when it's completed. That's what Wilson means when he says Fleischmann's job will be largely one of coordinating.

II. The Man

Fleischmann thrives on government work; he's been putting on weight ever since he returned to Washington

as NPA's general counsel last September.

He personally drafted NPA's first regulations, recruited his own staff, and helped bring in people for other jobs. He soon became convinced that certain raw materials would become so scarce that some sort of allocations scheme like CMP would be necessary.

His first and toughest job was "selling" CMP. He convinced NPA's first boss, W. H. Harrison, but had to do it all over again after Harrison took over DPA in February. Wilson took some persuading, too.

But his powers of persuasion are considerable. By the time he won over Wilson and Harrison, he had convinced Washington's hard-bitten press corps that he was the best administrator in the mobilization agencies.

It took Wilson a bit longer to come up with the same idea. From May 1, when Harrison quit DPA, until a few weeks ago he was searching for a businessman to replace Harrison.

• **Early Career**—Fleischmann probably would have been neither a lawyer nor a bureaucrat but for his father, one of Buffalo's best attorneys. The son majored in psychology at Harvard, did newspaper reporting on the side, even took an ill-fated flyer at starting an advertising agency before he finished studying law in Buffalo.

He was practicing law with his brothers, Justice and Adelbert, when John Lord O'Brien, an old friend of his father and then general counsel of the Office of Production Management, persuaded him to come to Washington. As one of O'Brien's top assistants at OPM and its successor, WPB, he wrote most of the early World War II priorities regulations.

The WPB experience left its imprint on Fleischmann and most of his colleagues. The staff was unique even among war agencies for its smoothness of operation.

• **OSS Service**—Fleischmann left WPB to become a Navy lieutenant in August, 1943. He was assigned to the Office of Strategic Services, spent most of the next two years on cloak-and-dagger assignments in India and Burma.

After the war he was general counsel of the foreign liquidation commission for a year before returning to private practice in Buffalo. Last summer O'Brien talked him into joining NPA instead.

Newsmen liked him immediately. Unlike most government lawyers, he knew what was going on in his agency and was willing to talk about it. He made sense to congressmen, too.

They like the way he takes his job seriously—but not himself. He's told most of his friends the reaction of his 13-year-old daughter, Alison, to a recent request for a photograph from a

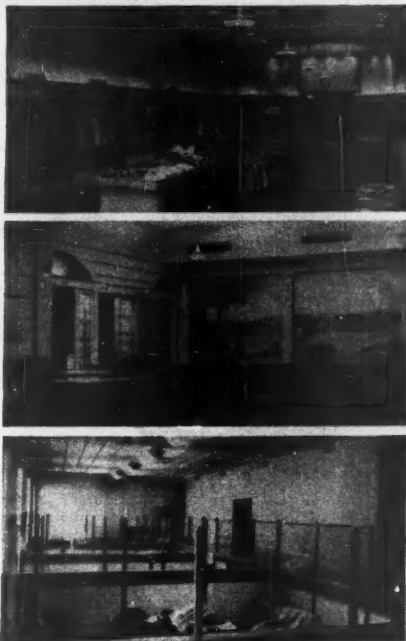
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If interested in combined heating, ventilating and summer cooling, or heating only, write for a copy of the booklet, "Businessman's Blue Book of Better Heating;" it's full of useful information on many types of unit heater installations.



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Concrete airports, highways, farm buildings, factories, dams, piers and pipe lines can be designed to withstand any natural wearing action—above ground, underground or underwater. Concrete also resists decay, termites and vermin.

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Concrete construction gives you valuable protection against destructive forces such as storms, quakes and fire. *Concrete can't burn!* Why take unnecessary chances? Protect lives and property by building with concrete.

WHAT ABOUT ECONOMY?

For any type of building or improvement concrete is thrifty construction because its first cost is moderate, its maintenance cost is very low and it has a much longer life. The all-important result is true **low-annual-cost** service.

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A national organization to improve and extend the uses of portland cement and concrete through scientific research and engineering field work

"... Justice, incidentally, employs a number of former WPB lawyers ..."

NEW BUREAUCRATS begins on p. 56

man who said he wanted to add it to his collection of pictures of "important personages." Said Alison, "Why, daddy, that man must be crazy."

III. The WPB Lawyers

Fleischmann spends most of his social hours with his former WPB colleagues.

About 50 of them—out of a total of about 300 who served at one time or another on WPB's legal staff—are now in government. Fleischmann himself brought in John Hollands to take his job as NPA's general counsel when he stepped up to head that agency. He'll be greeted at DPA, when he is confirmed by the Senate, by Charles H. Kendall. Kendall, who wrote much of the Defense Production Act of 1950 while he was with the National Security Resources Board, has been DPA's general counsel since the agency was organized early this year.

Milton Katz, who has just retired as ECA's special representative in Europe, is leaving government service to work for the Ford Foundation. But the WPB'ers expect to see a lot of him when he gets back to the U. S. He was O'Brien's top assistant at WPB. Still working for ECA—as general counsel—is ex-WPB'er James Cooley.

Thomas J. Lynch, general counsel of the Treasury Dept., is another former WPB legal staffer, though he had started his career as government attorney in the Justice Dept. before World War II. Justice, incidentally, employs a number of former WPB lawyers, headed by assistant Attorney General H. Graham Morison.

• **Science Foundation**—One of Fleischmann's associates in the Commerce Dept., which houses NPA, was assistant general counsel Matthew Hale. And one of the youngest WPB law "graduates" has recently been made general counsel of the new National Science Foundation. He's 34-year-old William A. W. Krebs.

The list of ex-WPB attorneys still in government include several other members of the ECA legal staff, at least three legal advisers with the armed services in Washington, one with the Atomic Energy Commission, two with NPA. O'Brien himself is out of government—he's practicing law in Washington. But he attends weekly sessions with Wilson and other defense planners as a member of the National Advisory Board for Mobilization Policy.



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WASHINGTON
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● Every lithe, graceful foot of its steel structure . . . every automobile or truck that traverses it . . . every ship or train that passes under it . . . and every drop of paint that sheathes it—was made with brick, refractory brick. For all are products of heat.

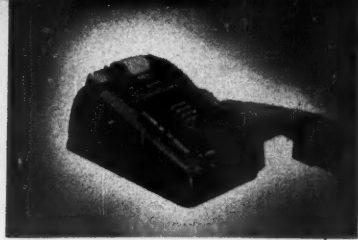
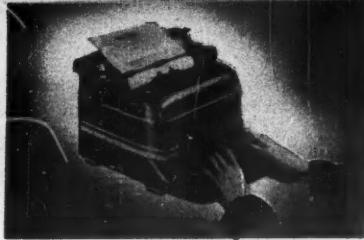
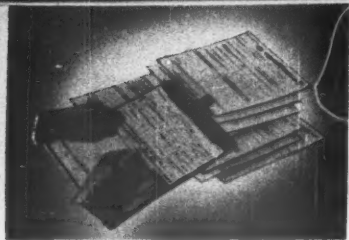
Refractory brick is the master of heat. As lining for the furnaces of industry it is an essential of every product that is manufactured—of steel, brass, copper, aluminum; of glass and chemicals and paper; of your refrigerator, stove, washing machine and television set.

Its uses are infinite. But they are also extremely specialized and exacting. While men have made brick for more than five thousand

years, it is, today, one of the most demanding targets of scientific research . . . to provide refractories which enable industry to make things better, faster, at lower cost.

Under today's insatiable demands, refractories are literally sold on prescription. Making them and providing a complete refractories service is an occupation for which General Refractories Company is uniquely qualified. For it brings to the task the world's most modern and completely equipped refractories research laboratory, manned by scientists of international reputation . . . and nationwide manufacturing facilities.

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Simplifying routines like yours... that's the No. 1 job of Recordak microfilming



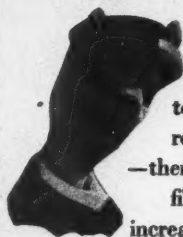
TYPICAL EXAMPLES OF THE WAY RECORDAK MICROFILMING ELIMINATES

Department stores, specialty shops, oil companies, and others with retail billing operations, microfilm sales checks and make them part of the bill. Thus, billers only post the totals—need not describe each purchase. This cuts billing machine requirements as much as 75%.

Banks reduce bookkeeping costs by posting to statements only . . . and then microfilming them at the month's end. This eliminates ledger posting, a 100% duplication, and gives the bank a photographically accurate and complete record for future reference.

Railroads are microfilming waybills at junction points—instead of copying them by hand. As a result, a yard clerk can now do an "hour's work" in less than a minute's time . . . and freights are no longer delayed by paper work—can depart as soon as "transfer" shipments are aboard.





Just about everyone knows that Recordak microfilming enables you to put thousands of documents on a roll of film no larger than your palm—thereby saving tremendous amounts of filing space, speeding reference, and increasing protection.

But these advantages—while great—are in most cases *only an extra dividend*—the end result of a system short cut wherein fast, economical Recordak microfilming replaced slow, expensive manual copying.

This isn't news to the thousands of concerns—in 65 different types of business—who are now using Recordak microfilming every day. *But it may be to you.*

If so, take a good look at your accounting and billing routines . . . and all others where information is transcribed day after day—by hand or machine. *Note the requirements in time . . . equipment . . . and personnel.*

COSTLY MANUAL ROUTINES

Libraries are now "charging" books photographically—saving as much as two cents per book handled. A clerk simply places the book card, the borrower's card, and a date-due card in a Recordak Junior Microfilmer . . . and pushes a button. No more rubber-stamping . . . no more writing.

Chain Store accounting simplified. No longer must the individual stores submit lengthy reports of daily transactions. Instead, they microfilm sales slips, credit cards, etc. . . and send films to the home office where they're reviewed in a Recordak Reader. Thus, efficiency is increased . . . and "travelling auditors" work at home.

Then look into Recordak microfilming—the way it copies documents with photographic accuracy and completeness . . . *instantaneously*—for a fraction of a cent apiece; *the way* it has greatly reduced costs in numerous operations which were considered "most economical" before Recordak microfilming entered the picture.

Write for a free copy of "50 Billion Records Can't Be Wrong." It will give you a broader picture of Recordak's possibilities; also details on the complete line of Recordak Microfilmers designed for varying requirements—and *now offered on an attractive purchase or rental basis.* Recordak Corporation (Subsidiary of Eastman Kodak Company), 444 Madison Ave., New York 22, N. Y.



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microfilming works
and saves for 65
different types of
business, thousands
of concerns.
And the chances are
it can do the same
for you!**

"Recordak" is a trade-mark,

TRANSPORTATION



ZEPHYRETTE stops to pick up fresh crew at Winnemucca, Nev. The "trolley" train services little towns scattered in almost empty land.



OPEN SPACES offer lean pickings for from territory like this.



BAGGAGE, TOO This five-ton freight compartment provides a service that's a boon to tiny cut-off towns along the Western Pacific's line.

One-Car Train



DEADHEADS One of Zephyrettes main Navajo Indians. Paying pas-



passenger trains. But Zephyrette is economical enough to wring profits near Nevada's Pilot Mountain.



FLAG STOP The doodlebug deposits handful of passengers and freight at isolated village.

Puts a Desert Run on a Paying Basis



Jobs is transporting railroad workers like these engers rate better seats.

Normally, a railroad needs a lot of passengers to make money on its passenger service. Not always, though. Western Pacific is turning a tidy profit on a 924-mi. run that's mostly through wide open spaces.

At first glance, WP's setup is a passenger traffic manager's nightmare. The line runs from Oakland, Calif., to Salt Lake City. Over the 785 mi. from Sacramento to Salt Lake City, most of the people living along the line are WP employees. Freight accounts overwhelmingly for traffic on the line and its revenues. But it is still the only reliable year-round transportation for a lot of the route. And railroad employees have to be transported.

• **In the Red**—Up to last year, WP's passenger service consisted of a fancy and profitable through train—the California Zephyr—and a local train that lost plenty—the Royal Gorge. The bookkeeping was done mostly in red. For the first quarter of 1950, the swanky, vista-domed Zephyr earned \$164,217. But the Royal Gorge chopped that back to a net loss of over \$60,000.

Since the local service couldn't be abolished, president F. B. Whitman of WP cast about for a way out. His eye was caught by a one-car train, designed

by the Budd Co. for economical short-haul local service (BW—Oct. 22 '49, p22). While other railroad men watched deservingly, Whitman had the RCD (rail car, diesel) tested for his long-haul work. Employees called the car a doodlebug and swore that it would not work. But Whitman bought two of them, at \$130,000 apiece, and had a few changes made for the long runs.

• **Triweekly**—On Sept. 15, 1950, the doodlebugs—officially christened Zephyrette—went into service on a three-times-a-week basis. The Royal Gorge was dropped. Results came quickly. In the first quarter of this year, a nice profit of \$207,960 on all passenger service replaced the 1950 deficit. Troop trains and other specials made up some of the difference, but the Zephyrette was the real factor.

First-quarter operation of the Royal Gorge in 1950 cost \$310,644; in 1951 the Zephyrette did the job for \$76,927. Fuel, repairs, and crew costs all showed massive savings.

This was done at no cost in service. Passenger traffic has actually increased since the local people found out how much more comfortably they could travel in the Zephyrette than in the creaky old Royal Gorge. It was a cheap way to travel, too. Round trip fare on

Samuel Colt's Patent Revolver of

was **Forged** -

so is the Colt Automatic of 1951



(Right) Colt Commander
Model .45 Caliber

(Left) Aluminum Alloy
Drop Forging for
Colt Commander

PHOTOS COURTESY COLT'S MFG. CO. AND DROP FORGING ASSOC.



Although patented in 1836, Colt's revolver didn't get into real production until 1847 when the enterprising Eli Whitney turned out 1000 at his plant at Whitneyville, Conn.

The new weapon was an immediate success in the Indian wars. One of the first records set by the new revolver was when 15 Texas Rangers armed with revolvers defeated 80 Comanche Indians, killing 42 of them.

WHEN Samuel Colt invented the revolver in 1836, he realized that any mechanism subjected to the shock of continuous firing must be made of forged steel... for only hammering—impact—could impart to metal the strength and toughness to withstand continued shock and stress.

In the great rearmament program now going on, the modern descendant of Samuel Colt's great invention—the automatic pistol—and thousands of other types of weapons rely on forgings to give them the resistance to shock, strain and stress that means superior fire power.

Forgings come first!

**CHAMBERSBURG
ENGINEERING COMPANY**
Chambersburg, Pennsylvania

CHAMBERSBURG
THE HAMMER BUILDERS

"... passengers do their eating at main stops..."

ONE-CAR TRAIN begins on p. 64

the Zephyrette from Oakland to Salt Lake City is \$25.76. Most bus fares are \$32.83 for the round trip; on the Zephyr it costs \$42.15.

The Zephyrette ran up its profitable first quarter while carrying 327 cash customers and 1,700 deadheads. Don't forget that the deadheads are essential to railroad maintenance.

• **Reversible**—The one-car train is reversible, with space for the motor-man and fireman at each end. In between are two air-conditioned sections for passengers. The paying guest area has 20 reclining chair seats. The deadheads get 51 straight-backed seats. There's also a baggage compartment with five-ton capacity.

One of the economies realized when the Zephyrette was installed was abolishing a dining car. Now passengers can do their eating at principal stops like Elko, Nev., in the course of the 24-hr. journey.

Getting the local passenger service out of the red has eliminated one of Western Pacific's biggest postwar fiscal headaches. The Zephyr is flourishing, and freight traffic—the vital factor—is in fine shape.

Since the Western Pacific's 77-B reorganization was completed in 1944, dividends have been regular, and the fund debt has been pruned from about \$38-million to approximately \$20-million.

• **Bad Old Days**—These placid prosperous days are a world away from the line's early history, a lot of which was written before a rail was laid. It started way back in 1867 when a surveyor named A. W. Keddie realized that the Feather River Canyon was a fine trans-Rocky pass for a railroad. From then until the 1700's, various interests dropped parts of their shirts trying vainly to get things started.

A clash of railroad titans got the line built. George Gould had trackage from Buffalo to Salt Lake City. But the Harrimans—controlling the Union Pacific and Southern Pacific—denied him access to the coast. So Gould got together with Keddie and built the Western Pacific between 1906 and 1909, virtually hocking the Denver & Rio Grande to get money.

The WP bounced into receivership in 1915. Eleven years later Arthur C. James got control and added a valuable north-south link to the chain. But the line was so heavily capitalized that the James money couldn't make a go of it. In 1935 Reconstruction Finance Corp. demanded the reorganization that was finally completed in 1944.

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Ever get stuck?

● Mighty fine glue on U.S. postage stamps! With a little humidity, they stick—even to other stamps... which are still good, if you soak them, and use your own stickum... Not much help if you need postage now, though! Better stick to a postage meter...

● The new DM is a desk model postage meter, little larger than your telephone—that prints postage, any amount needed, for any kind of mail, directly on the envelope—with a dated postmark, and a small ad if you like.

● Always has the right stamp on hand—and saves trips to the postoffice, because the meter holds as much postage as you want to buy... protects it from loss, damage, theft... and registers the amount of postage on hand, amount used... Has a built-in moistener for sealing envelope flaps... even supplies postage for parcel post... does away with licking and sticking forever!

● Ask the nearest Pitney-Bowes office to show you... or send for free booklet.



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Offices in 93 cities in the U. S. and Canada

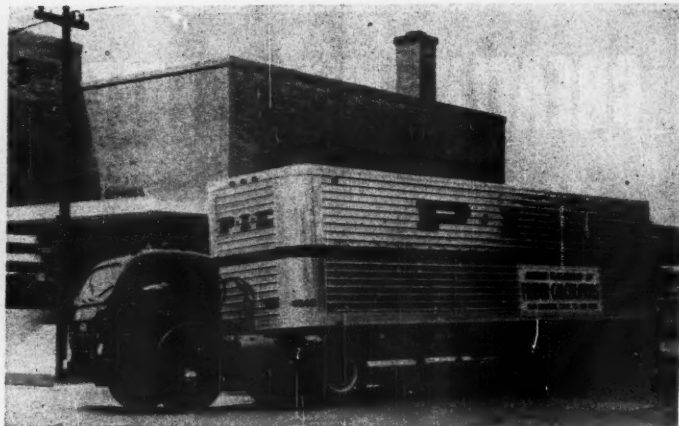
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1485 Pacific St., Stamford, Conn.
Please send free booklet on the DM.

Name _____

Firm _____

Address _____



MID-STATES tractor takes over at PIE's Chicago transfer point, is ready for its...

Cross-Country Haul—by Relay

In spite of a setback caused by an unfavorable ICC ruling last year, Pacific Intermountain Express Co. has found a way to provide fast, one-carrier coast-to-coast trucking service.

Last year Pacific Intermountain Express Co. of Oakland, Calif., got a big disappointment. The motor freight line, one of the country's largest, had plans on the fire to extend its service and provide one-carrier operation from the Pacific to the Atlantic. The plans called for the purchase of another trucking line—Keeshin Freight Lines. But the Interstate Commerce Commission turned thumbs down on the deal (BW—Nov. 18 '50, p. 28).

● **More Than One Way**—The decision put a crimp in PIE's original program. But the line figured there was more than one way to carry its freight to the east. So first it filed an appeal with its district U.S. Federal Court, requesting a reversal of the ICC ruling; then PIE decided to go ahead temporarily without Keeshin.

Now PIE has achieved the end, if not the means, of its originally planned coast-to-coast system. By joint arrangement with Mid-States Freight Line, PIE is running its one-carrier service between San Francisco and Los Angeles in the west, Philadelphia and New York in the east.

● **Coast-to-Coast Relay**—The system PIE is using (other lines use it, too) works something like the old Pony Express. But instead of changing horses en route, PIE shipments just switch tractors.

If the Keeshin purchase had gone through, PIE would be using its own tractor units east of Chicago. Instead, Mid-States power units are harnessed up

at Chicago, pull the PIE semitrailers, which originate at the eastern and western terminal points. Mid-States pays PIE for use of the trailer; all through-traffic freight charges are prorated between the two carriers.

The newly inaugurated joint relay service, PIE figures, cuts about 69 hours off a normal transcountry trip made the old way—time wasted in loading and unloading and hunting up docks to handle the shipments. The line allows seven days now for a normal delivery. That gives plenty of margin, PIE says, for possible delays.

● **Fast Crossing**—Ordinarily, trips are made with less than trailer-load shipments destined either for the East Coast or West Coast terminal points. These require a little extra time for loading, billing, and delivery of the separate orders. But a recent full-load shipment of Friden calculating machines made the transcountry trip, door-to-door, in only 5½ days (this figure even includes the time lost crossing the time zone).

● **Not Ideal**—PIE does not consider this joint relay system the ideal solution to improved coast-to-coast service. The line will continue its battle to have the ICC ruling reversed—in the face of vigorous opposition from the eastern rails. It seems certain that if PIE keeps up the fight the case will eventually reach the Supreme Court. And the line's attorneys feel that many months, possibly years, will go by before a final decision in the case comes.



SHAMROCK HOTEL

saves \$9120 per year

with GENERAL ELECTRIC CAPACITORS



Mr. K. B. Jones, who was consulting electrical engineer for the MacCarthy interests, points out a bank of four capacitors located on top of the switch for a 300-hp motor in the air-conditioning system to Mr. R. E. Griffin of the General Electric Supply Corporation, Houston, who helped engineer the installation.

The new Shamrock Hotel, in Houston, found it could make a 10 per cent saving in its power cost—by overcoming low power factor caused by induction motors.

It installed 29 General Electric capacitor equipments—on or near the air-conditioning motors, the elevator motor-generator sets, and the pump motors of the cooling tower.

Total cost of all material—wire, conduit, circuit breakers, and the 1210 kvar of capacitors—was about \$9100. Power factor was raised from 77% to 97%. Monthly saving in power costs has been \$760. With this sort of savings, pay-off time will be just under 12 months!

KEY TO LOWER POWER COSTS. The Shamrock Hotel is just one of hundreds of examples that can be cited where capacitors have cut power costs—or relieved overloaded wiring and transformers. If you haven't considered capacitors within the last two years, it will pay you to check, for the present-day price of capacitors in relation to other equipment has changed the picture of capacitor economics quite radically. Your local G-E sales office, authorized G-E agent, or G-E distributor is at your service. Or write to Section 407-206 for booklet GEA-5167—"A Way to Cut Power Cost." *General Electric Company, Schenectady 5, New York.*

GENERAL ELECTRIC

407-206



Appliance Dealer Prevents Motor Burnouts with Klixon Protectors

WALTHAM, MASS.: Colin M. Holmes, authorized Frigidaire sales and service dealer, after 25 years of appliance service experience, is convinced that you can't beat Klixon Protectors.

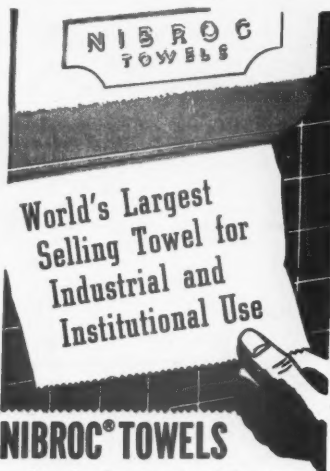
"We find KLIXON Protectors insure our motors against motor overloads, and expensive 'rewind' repairs. By preventing burnouts they protect our guarantees and help keep our customers satisfied."

The Klixon Protector illustrated is built into the motor by the motor manufacturer. It keeps motors in such equipment as refrigerators, oil burners, washing machines, etc., working by preventing the motors from burning out. Reduce service calls, minimize repairs and replacements, request equipment that has motors with Klixon Protectors.



KLIXON

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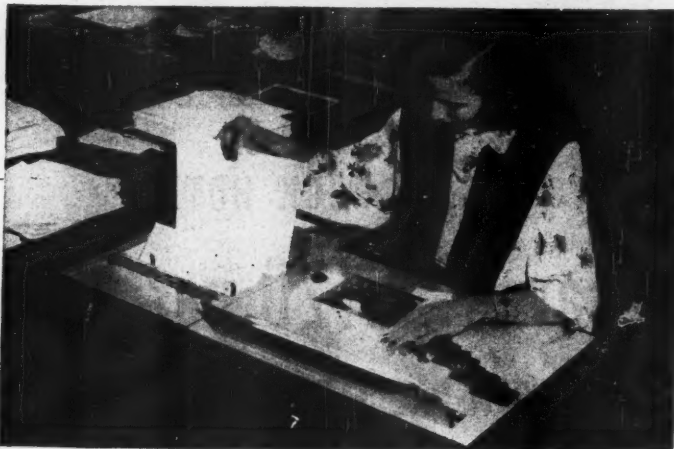
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MANPOWER



SEALING THEIR FATES, students bend over College Qualification Test.



CORRECTION of papers is by machine at Educational Testing Service headquarters.

How Draft Test Was Made

By the end of next week, some 373,000 college students all over the country will have sweated through the most important test in their lives. It's the Selective Service College Qualification Test. The results will weigh heavily in deciding whether a student may go on with college or graduate school or whether he'll get chucked into the Army.

• **Industry's Stake**—Industry, too, has a big stake riding on this exam. Because training was interrupted during World War II, the country is now short about 100,000 graduate engineers—not to mention doctors, lawyers, and teachers.

The purpose of SSCQT is to keep this gap from getting any bigger, to spot the bright youngsters for further training.

• **Experienced Tester**—Selective Service has turned this vital screening job over to a nonprofit company—Educational Testing Service in Princeton, N. J. ETS is responsible from start to finish. It drew up the test, found 1,037 places to give it and people to proctor. Now its staff of 300 and an equal number of part-time helpers are working furiously to get all the papers through tabulating machines by deadline, Aug. 20.

On that date, a report on the score

Wings of Progress...



Connecticut General joins in Celebrating

United Air Lines
SILVER JUBILEE

Between 1926 and 1951, United Air Lines has expanded its routes from 460 to 13,250 miles, its personnel from 10 to 10,000 and its fleet from 6 single-engined open-cockpit planes to 136 multi-engined airliners and cargo carriers.

Just a few short years after this giant was born, Connecticut General issued group life insurance protecting all United personnel, including pilots, without flight restrictions. Such insurance, first issued by Connecticut General, was early recognition of the reliability of air transportation. It was only one of the pioneering steps Connecticut General has taken in liberalizing life and accident insurance, both on a group and individual basis, for those who fly.

Today, the personnel of 32 airlines are protected by Connecticut General group plans.

*A Pioneer in Group Insurance
And in Insurance for Those Who Fly*

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SAVE ON TOOLING UP FOR THESE JOBS

You can save time—and money—on munitions jobs by following the standardized procedures worked out months ago by National Acme engineers.

All the necessary preliminary steps for automatic production have been thought out—and *proved* out—in advance. We can give you the standardized tooling recommendations, the times, the tolerances and the engineering and production methods for almost any standard rearmament part you're planning to make.

With this ready-made experience, your present Acme-Gridley Bar Automatics are ready to swing into action at once—*profitably*. No need for educational orders, trial setups or experimental tooling. Just tell a National Acme engineer what you need. He'll recommend the rest, including the latest developments to give you top performance from your present Acme-Gridley Multiple Spindle Bar Automatics.

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ACME-GRIDLEY BAR and CHUCKING AUTOMATICS built in 1, 4, 6 and 8 spindle styles, maintain accuracy at the highest spindle speeds and fastest feeds modern cutting tools can withstand.



HEAD TESTER Henry Chauncey has had experience judging aptitudes.

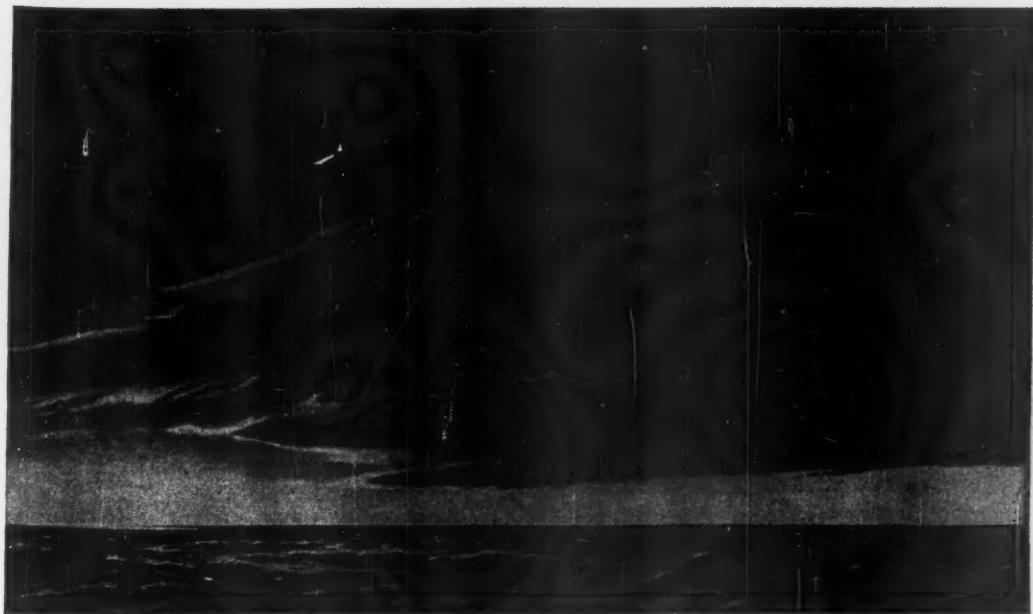
of each student must be in the hands of his local draft board. The local board makes the final decision on deferment. It weighs the test score and the student's class standing against the needs of its draft quota. It's possible, though unlikely, that a boy could get a very high score on his college qualification test and still be drafted. But in most cases, the test will be decisive.

So it must be fair. It must be a reliable measure of a student's ability to absorb college-level material. The questions must be penetrating. And they must be phrased so that they have the same meaning for all persons taking the test, regardless of their environment.

• **Big and Practiced**—Selective Service chose an experienced test designer to meet these specifications. Educational Testing Service is the outgrowth of a merger, in 1948, of the testing facilities of the College Entrance Examination Board, the American Council on Education, and the Carnegie Foundation.

ETS was already working for the government, giving entrance tests for West Point, Annapolis, the Coast Guard Academy, for State Dept. foreign service, Atomic Energy Commission, and many other agencies. Four times a year, high school students across the country take the ETS college entrance exams. Its tests are also widely used to screen candidates for law and medical schools.

• **Second Time Around**—ETS president, Henry Chauncey (picture), was especially qualified to take the helm on the Selective Service job. During the war he was in charge of testing for the Navy's V-12 and the Army's ASTP college training programs. These were a close parallel to today's training plan; they helped maintain the flow of college graduates during wartime. The big difference then was that the students were



Freight trains in the sky

Over the Pacific waters shuttle hundreds of giant transport planes. They conquer Time; bridge the 5000 miles to Japan; meet the most difficult supply problem of modern warfare.

Many of these were "mothballed" World War II planes. At an extensive modification center, Wyandotte Paint Strippers were used to take off the old paint in a matter of minutes. Wyandotte Desealants readied the wing gas tanks for new rubber sealing. And now, Wyandotte

Cleaning Products maintain the busy "freight trains that fly to battle."

In peace or war, the chemical industry is an indispensable part of our national economy. Chemicals are essential to the production of practically every other industry in the nation.

Take our company as one example: Wyandotte Soda Ash helps make glass and is important in producing other chemicals. Yet it's also used to extract uranium and aluminum from their ores. Wyandotte Caustic Soda helps process soaps, textiles (including military uniforms), petroleum and rubber. Wyandotte Chlorine—used in making sulfa drugs, paper and insecticides—purifies drinking water for combat troops.

Our production is vast—still sufficient to meet most civilian needs. If you have any chemical or cleaning problem, our Technical Service Department will be glad to advise you, without cost.



It may be that your defense orders call for a metal cleaning operation. Wyandotte has products which meet the process requirements of JAN-C-490 Grade II, Types 2 and 6.



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It costs far less than you think to work refreshed and relaxed even on those hot and stifling summer days!



*Yes, *daisy*!

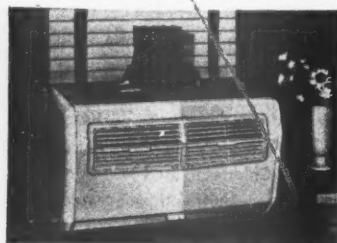
You'll feel it—you'll look it— with a Philco Air Conditioner in your office

PERHAPS this will give you some idea of how cool, comfortable and invigorated you will be this summer with a Philco Air Conditioner in your office. Or your home.

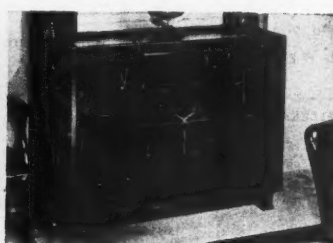
For Philco Air Conditioners give you real air conditioning. They cool the air, dehumidify and circulate it. They bring in *fresh* air from outside

and clean it. They remove stale indoor air. They are quiet, vibrationless, efficient. And you'll be surprised how little they cost.

Just think back to those muggy, hot, disagreeable days last summer—and decide now to be comfortable *this* year. Call your Philco dealer today. He's listed in your phone book.



PHILCO WINDOW AIR CONDITIONERS with ½ or ¾ h.p. Sealed Power Systems, for rooms up to 250 or 430 square feet in floor area, from \$339.95†. Cleanly and simply styled; fits into any home or office window. Ivory or two-tone tan steel.



PHILCO CONSOLE Model 100-GC for rooms or offices up to 550 square feet. Decorator styled in dark walnut veneers. 1 h.p., quiet and vibrationless. \$685.00†. Also a 2 h.p. water-cooled steel console for stores or rooms up to 1500 square feet.

†In Zone 1. Prices subject to change without notice.



PHILCO

ROOM AIR CONDITIONERS

"... Chauncey's advice to students: 'Get a good night's sleep.' ..."

DRAFT TEST starts on p. 70

in uniform and their education was paid for by the government.

• **Trouble Ahead**—Last summer Gen. Lewis B. Hershey, Selective Service director, saw the need for some kind of emergency action to guarantee a harvest of college graduates. At that time, all college students were automatically deferred until they completed their coming college year. Hershey faced the prospect of having about a million college men fall eligible for the draft in a lump this June.

Two years earlier, Hershey had set up six Scientific Advisory Committees to tell him how to classify individuals "to the best interest of the national economy and the health, safety, and interest of the nation." It was the conclusion of these committees that scholastic aptitude should be a cause for deferment and that a test should be given to establish a uniform nationwide standard of ability.

• **The Kickoff**—Hershey talked the idea over with ETS' Chauncey last summer. By March ETS got a firm operating contract, and the project was under way.

ETS researchers poked into their texts and files and came up with four different exams, each to be given on one of the four days scheduled for the test: May 26, June 16, June 30, and July 12. The first three days were Saturdays; the last, a Thursday, was picked to accommodate those who couldn't, for religious reasons, take an exam on Saturday.

There are no essay questions in the test; that's now considered old-fashioned. Every question can be answered by a pencil mark in one of four or five spaces. Each space contains a possible answer, but only one of them is correct. The wrong ones are named by the testers, appropriately, "distractors."

It does no good to cram for a test like this. Chauncey's best advice to students the day before they took the exam was: "Get a good night's sleep."

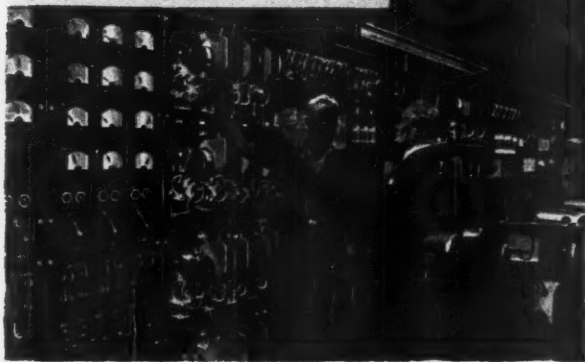
• **What's the Score?**—A score of 70 on the test is required for deferment to stay in college; a score of 75 to go to graduate school. This does not mean that a student must have an IQ of 70 or 75, nor does it mean that he must have answered 70% or 75% of the questions correctly. There has been a lot of confusion on that.

ETS has pegged its test to the Army General Classification Test, which every soldier takes, in such a way that a score of 70 on the ETS tests is equivalent to a score of 120 on AGCT.

These have no substitutes

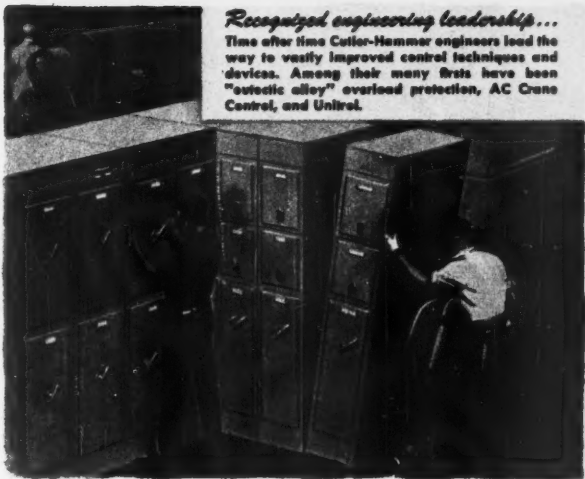
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Time after time Cutler-Hammer engineers lead the way to vastly improved control techniques and devices. Among their many firsts have been "autotick alloy" overload protection, AC Crane Control, and Unitrol.



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Standard Cutler-Hammer Motor Control for all ordinary requirements is today carried in stock by more than 500 carefully selected authorized electrical wholesalers, a vast network of able, dependable suppliers.

It is very logical that electric motor users should standardize on one make of motor control equipment. This saves confusion, time, and often costly errors for everyone... machine operators, maintenance men, purchasing agents, stockroom attendants. Also, with such standardization, adequate reserve and parts stocks require only minimum investment and space.

It is most logical that so many users should select Cutler-Hammer as their one make of motor control.

Cutler-Hammer general purpose motor control is recommended by a majority of all electric motor manufacturers, is featured as standard equipment by machinery builders, is carried in stock by recognized electrical wholesalers everywhere.



Added to the basic standardization advantages, this assures uniformly reliable protection for each man, motor and machine. No bob-tailed line limited to high-profit devices, Cutler-Hammer offers every needed type and size of control unit. Further, what substitutes can there be for Cutler-Hammer experience, engineering leadership and responsible supply facilities? CUTLER-HAMMER, Inc., 1275 St. Paul Ave., Milwaukee 1, Wisconsin. Associate: Canadian Cutler-Hammer, Ltd., Toronto.

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G



Cheapest way to peel a plane

Rearming America in the Air is big business today. "Moth-balled" fighters and bombers as well as transport aircraft are being brought in from storage fields, reconditioned and flown away to join the growing air force. Part of this operation is "peeling" the planes—cleaning them down to bare metal.

Best Way Known to remove dirt, grime, oil and grease, and old paint is through the use of high-pressure steam jets. One of the leading contractors on this operation—Grand Central Airport, of Glendale, California—found ordinary hose couldn't stand the heat and pressure. Hose failure in 6 months or less was a common and costly experience on the reconditioning field they operate. So they called in the G.T.M.—Goodyear Technical Man.

He Recommended that the field use HD Glass Cord Steam Hose—a Goodyear-developed construction especially designed to cope with high temperatures and heavy pressures. This hose is built with reinforcement braids spun from glass—charproof and strong to withstand the pressure, and flexible so that the hose is easily handled by the workers.

Costs Dropped Quickly through using this new-type steam hose. For the first lengths of HD Glass Cord Hose served for over 2 years, 20 hours a day rehabilitating transport ships. This three-times-and-longer service showed the way to more economical operations on other type planes, too. The G.T.M. can recommend hose that will do the same for you, too, whether you need a special-purpose hose to meet specific conditions or a standard type for ordinary applications.

The G.T.M. knows hose best. He can pick from more than 800 types of hose in the Goodyear line to choose the right combination of materials and construction to meet your requirements exactly. So write him today, c/o Goodyear, Akron 16, Ohio.

GOODYEAR

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with good reason. Consolidated Enamels provide the fine printing qualities necessary to reproduce delicately detailed drawings and photographs. Yet, thanks to the revolutionary papermaking process which Consolidated pioneered, their cost averages 15 to 25% below old style, premium-priced enamel papers.

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Finest enamel paper quality at lower cost is the direct result of the enameling method which Consolidated pioneered. Operating as a part of the papermaking machine, it eliminates many costly steps still required by other papermakers and produces highest quality paper, simultaneously enameled on both sides, in a single high-speed operation.

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READERS REPORT



HASSLE between employer Monroe M. Messing and an ILGWU man (BW—Jun. 16'51,p30) provides a . . .

Hassle Hunch

Sirs:

Re reader Shaw's and your remarks on "hassle" in your issue of June 16, 1951, if Miss Shaw will refer to page 30 and study the photograph of Mr. Messing and the ILGWU man, she will find an excellent rendering of a hassle in action.

In fact, being a born-and-bred New Yorker and having heard and used the word for a long time, my guess is that it might very possibly have originated right on Seventh Avenue.

Could not some inspired wordsmith waiting for his blintzes to cool at "The Farnfood" have ingeniously combined "haggle" with "wrassle" (as it is pronounced on Seventh Avenue) to give the word that precisely connotes what Mr. Messing and the union man are doing in the picture?

ARNOLD M. PRICE

NEW YORK CITY

Optimum College Size

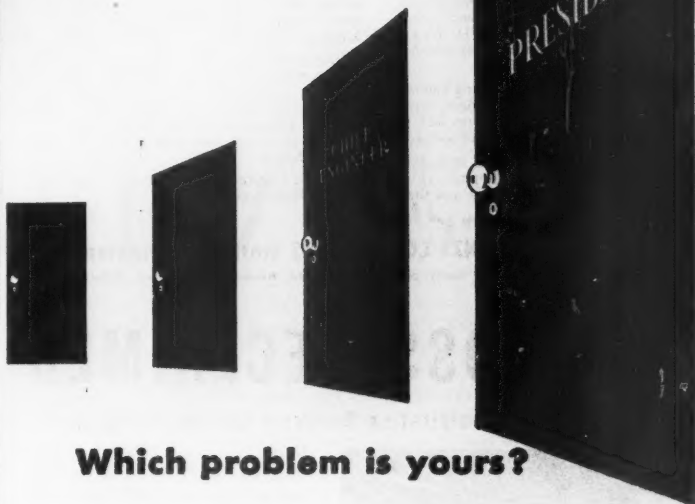
Sirs:

In your article on Keith Funston, Trinity College's youthful president who has just been made head of the New York Stock Exchange (BW—Jun. 2'51,p118), you say: "They made a good choice. During Funston's five and a half years at Trinity, the enrollment has risen over 80%, and the college's assets increased over 50%."

In no way do I wish to criticize Mr. Funston's achievements, which are considerable. The increase in assets alone proves that. But I would like to quarrel with you when you adduce as further proof the increased enrollment.

Is bigness a suitable criterion for edu-

WHICH DOOR ?



Which problem is yours?

A President — in any industry — who wants an experienced outside organization to design or build (or both) a special production machine combining many present operations.

A Chief Engineer who is looking for a competent organization to assist in or take over the design of a new product.

A Superintendent of Production — trying to find a subcontractor who can produce parts, subassemblies, or complete machines just as they would be produced in his own shop.

A Tool Supervisor — who needs a precision-minded tool shop which can design and build tools, dies, jigs, fixtures, that don't have to be reworked after being given the once-over by his inspection department.

If one of these doors is yours, or if you face a similar situation, write for a copy of the illustrated brochure, "Take It To Taft-Peirce." It describes the complete equipment and facilities at Taft-Peirce, where manufacturers have been finding help in the solution of such problems for 75 years. The Taft-Peirce Manufacturing Company, Woonsocket, Rhode Island.

For Engineering, Tooling, Contract Manufacturing

TAKE IT TO TAFT-PEIRCE



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BUYERS of exhibit cases everywhere are choosing Michaels "Time-Tight" Cases because they are tops in design, quality, structural features, appearance and usefulness.

Michaels cases offer Innerlocking Frames, an exclusive feature; fully mitered intersections; no screws exposed on face of frames, and other structural advantages.

These cases are designed for maximum visibility; to enhance the appearance of exhibits; to eliminate handling and theft

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as well as the ingress of dust, vermin and moisture. They are made in a wide variety of styles (table, aisle, wall, corner, suspended and recessed) and in any practical size to take care of virtually all exhibit requirements. If it is necessary to meet specific needs, Michaels will design and build special cases to your specifications.

"Time-Tight" Cases are used extensively in museums, art galleries, libraries, universities, colleges, schools, clubs, banks, federal, state and municipal buildings, science laboratories, institutions and various industrial and related types of display rooms.

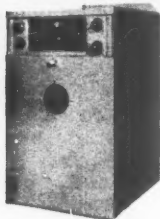
Write for literature which contains complete information.

50% LOSS RECLAIMED

Electrostatic Precipitation Recovers Cutting Oil Mist



G-E Power Pack For Industrial Precipitators



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General Electric produces a complete range of power-supply equipment and accessories for electrostatic-precipitator manufacturers. For maximum reliability, be sure to specify G-E components and power units in your industrial, commercial, or residential air cleaners.

Here's a machine shop that is getting back practically all (90%) of what was a 50% loss in cutting oil. It's done with electrostatic precipitators that clean the oil mist from the air. In addition, a potential fire hazard has been eliminated and working conditions are considerably improved.

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Learn what electrostatic precipitation is and how it works. Ask your G-E representative for a copy of Bulletin GEA-5212, or write Section 667-13, General Electric, Schenectady 5, N.Y.

You can put your confidence in—

GENERAL ELECTRIC

667-13

cation? Some educators think not. I cite the example of Amherst College, Trinity's neighbor a few miles up the Connecticut River. After the war Amherst eschewed the temptation—admittedly great what with the influx of G. I. students—to increase its permanent enrollment over the prewar figure. It was agreed that increased enrollment would help relieve financial pressure by supplying more income. But it was also realized that increased enrollment would mean that the faculty and facilities would have to be spread thinner. In other words, Amherst's position implies that there is an optimum size for a college depending on its own particular standards of education, size, and tradition.

Perhaps in Trinity's case this increase was justified. I merely quarrel with the unqualified assumption that bigness is automatically desirable.

CHARLES M. RIESER

NEW YORK, N. Y.

Asphalt Tile Lineup

Sirs:

Your article "Floor Coverings Shift from Soft to Hard" [BW—May 26 '51, p121], gives an excellent picture of the increased popularity and use of the hard-surface types of floor coverings, such as asphalt tile and linoleum.

In the article you mentioned four of the big asphalt tile manufacturers. The Mastic Tile Corporation of America should have been included in this list, as it is one of the largest manufacturers of this type of flooring in this country.

C. B. WHITTLESLEY

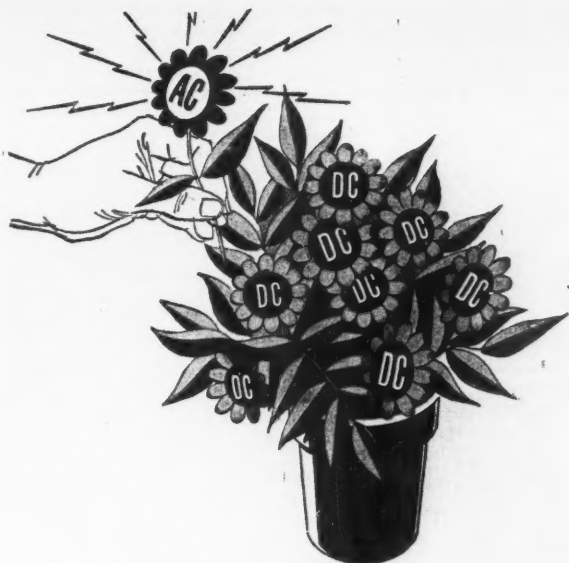
MANAGING DIRECTOR
ASPHALT TILE INSTITUTE
NEW YORK CITY

Selling Job for Business

Sirs:

I am looking at your editorial "Plain Talk" [BW—May 26 '51, p164]: "Government courts the citizens, pressure groups court them." Business groups do not court the citizens because they have never acquired the feel of the workingman nor an understanding of his problems.

I suspended support of NAM and United States Chamber of Commerce for one reason: They insist on having businessmen, experts of one kind or another, address groups of business and professional men in closely held meetings in swank dining rooms. In these meetings the wonders of free enterprise and so-called democracy are magnified in mutual admiration society fashion. There result no new converts to free enterprise and the philosophy of individual initiative and responsibility. All hands present are preconverted. Wasted



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a DC "plant"?**

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You need only one kind of electricity for your car—*direct* current . . . only one kind for your home—*alternating* current. But electrical requirements of a modern airplane demand *both* DC and AC.

PROBLEM—Since airplane generators usually supply only DC current, how can you get necessary AC power from this DC "plant"?

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Compact, closely-controlled power—tailored to fit unusual requirements—is a characteristic of all J&H *Rotomotive* equipment. Right now we're building this into such specialized aircraft devices as generators, inverters and control systems. If the same techniques can help you improve defense equipment, or aid in your planning for the future—remember, **JACK & HEINTZ does it!**

New Rotomotive Equipment Booklet—This 24-page picture story shows why we can help you solve unusual problems. Write, on your company letterhead, for a free copy of the new "Jack & Heintz Does It!" book. Address Jack & Heintz, Cleveland 1, Ohio.

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Rotomotive
EQUIPMENT

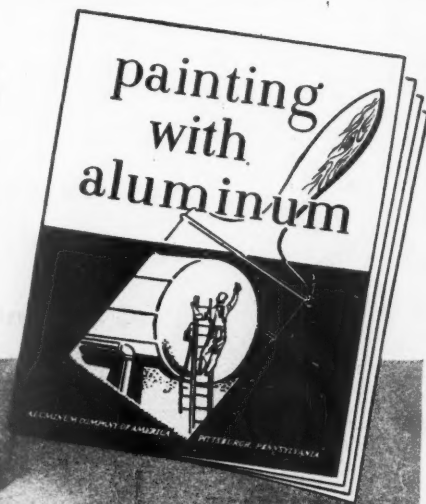


means electrical, hydraulic or mechanical devices designed to solve unusual problems of developing power, controlling it, or using it

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New free book tells how to get better paint results at lower cost... how to buy and apply the right aluminum paints.

Alcoa does not make paint. We have prepared this book so you can know about the many new improvements in aluminum paints; can buy the correct paints without lengthy specifications and tests; can apply them best for lasting protection and good appearance.

This book gives worth-while maintenance painting tips, includes coverage tables, tells what aluminum paints to use inside and out, on wood, metal, masonry and heated surfaces. For your free copy, attach the coupon to your letterhead and mail today.



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effort, wasted words, lost opportunity.

I propose a simple formula to solve the problem of communication: Continue the speaking program, but break away from filet mignon and fancy dining rooms, and invite business heads to bring with them a prearranged number of select personnel from their respective enterprises. Instead of bringing them to dining rooms, use the armory or the ball park, and tell them direct the startling story of this haven of freedom, opportunity, high living standards, and all the other glories of the U.S.A. Theirs is a much more poignant understanding of this situation than often they are given credit for.

There is an opportunity for a great selling job. The American working man possesses a deep urge to perpetuate this heritage that is America. Businessmen must tackle the job and outsell the pressure groups.

BYRON E. BUSHNELL

PRESIDENT,
BUSHNELL INDUSTRIES,
TAMPA, FLA.

Advice on Carbon

Sirs:

Your article "Auto Makers Train Sights on Carbon" [BW—Jun.23'51, p50] is a bell-ringer to me, and I wish to challenge the article wherein it states, "But so far nobody knows a satisfactory way to keep carbon deposits from forming."

I settled that problem back in 1912 and got fired for doing it by the motor company for whom I worked. I was convincing mining companies in the west that they should give up their mules and put in motor trucks. I had real carbon problems in those days, but licked them through temperature control at combustion chambers. During 1925 I was called to Detroit by one of the major auto parts manufacturing companies that wished to sponsor the method I had used in 1912.

Road tests conducted on my method by one company showed mileage gains on gasoline to be 4 1/2 miles at 35 mph; oil tests conducted by one company during the winter showed no dilution of the oil in the crankcase, and the oil remained good if carried through a filter.

I would like respectfully to suggest that both the automobile and the oil industry give careful attention to the suggestion that they may find the answers to the problems of carbon deposits within the cylinder heads. They might also consider the possibility of creating one standard fuel for all motor cars by utilizing the natural phenomenon of evaporative cooling within the combustion chamber.

LESTER P. BARLOW
STAMFORD, CONNECTICUT

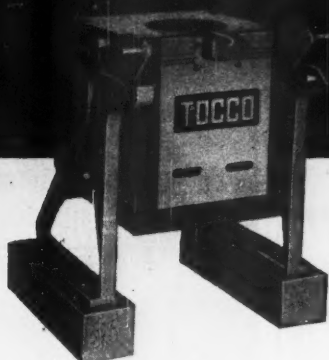


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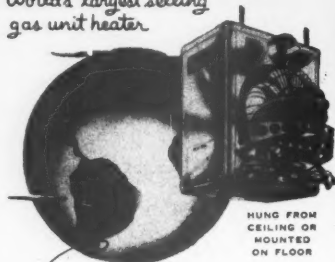
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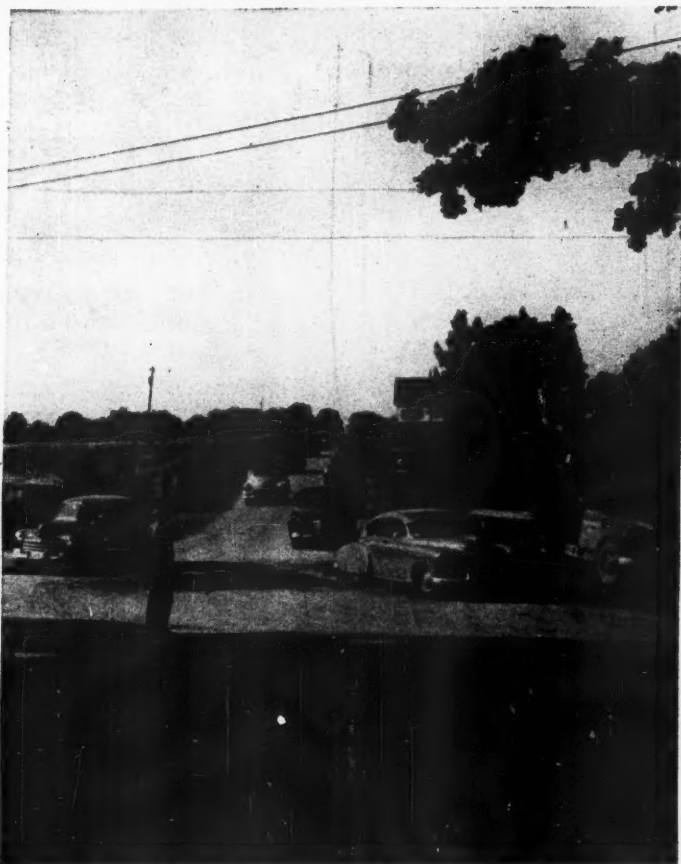
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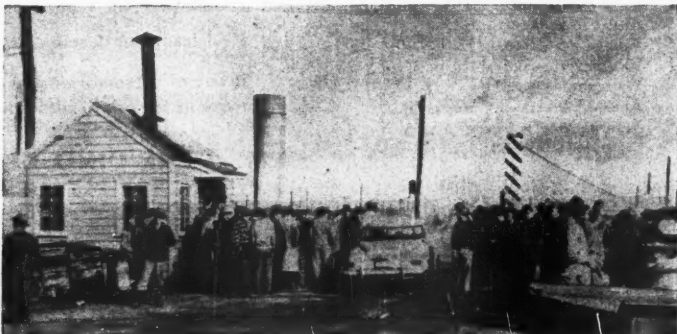
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REGIONS



BUMPER-TO-BUMPER traffic from Paducah's AEC plant turns into U.S. Highway 60 at day's end. Traffic from each shift takes 45 min. to empty out of plant area.

Paducah Gets in Lineup of



JOB SEEKERS, salesmen, and subcontractors swarm daily to F. H. McGraw & Co.'s construction shack at entrance to the site of AEC's \$500-million plant.



TRAILER CAMPS are a familiar sight for miles outside Paducah. Finding housing for the huge influx of construction workers is the city's No. 1 problem.



HOUSING UNITS are springing up almost overnight—but not nearly fast enough to keep up with the demands of workers on the numerous construction projects.

Atomic Energy Boom Towns

A marketing and distributing point for the surrounding farm country, with one of the principal dark-tobacco markets in the U.S. Also has railroad shops and drydocks for river steamers.

That's the way the Columbia Encyclopedia describes Paducah, Ky. And it was an accurate description 10 years ago. But not anymore. Today Paducah is in the middle of a roaring boom—and the roar is getting louder every day.

• **Chain Reaction**—Biggest project in the area—the one that got the boom rolling—is the \$500-million gaseous-diffusion plant the Atomic Energy Commission is building 16 miles northwest of the city, along the Ohio River. F. H. McGraw & Co. started work on

the plant for AEC early this year. Some 7,000 are employed there now. The construction payroll is expected to hit 12,000 by Nov. 1, then begin tapering off.

But the AEC job is only part of the fevered construction picture. When completed, the plant will be the largest single user of electricity in the world. So, to supply the power, two big steam plants—each of which will have 625,000 kw. of capacity—are going up in the area.

The Tennessee Valley Authority is building one of them near the AEC plant. The other will be on the far bank of the Ohio, at Joppa, Ill. It's being built by Electric Energy, Inc., a newly formed joint subsidiary of five

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Regardless of free or controlled supply of your light gauge cold rolled strip and/or spring steel you can always count on more feet per lb., more finished parts per ton from Thinsteel. Precision rolling and advanced processing techniques have assured greater yield for many years to users of CMP Thinsteel; provided the margin of difference (through close tolerances and exacting physicals) for improved production and product betterment.

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ECONOMICAL DoALL BAND MACHINING

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SEND FOR CATALOG



Learn about the complete machining facilities offered by this modern band machine.

ASK Gates City Iron Works, Omaha, Nebraska, about the DoALL Contour-matic Band Machine! They were cutting split rings from 1/4" cold rolled steel coils on an expensive milling machine. A DoALL MP-20 slashed time for the job by two-thirds and released the milling machine for other work.

In this same plant the MP-20 used for friction sawing of thin stainless cut the operation time in half.

You can cut anything with a DoALL MP-20 Contour-matic—any material, any shape. Ask to have a demonstration of this versatile, time, money and material-saving machine tool right in your own plant. A DoALL sales service engineer will bring it to you, show you what it can do. Call your local DoALL Sales-Service Store or write:

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27 SALES-SERVICE STORES

Machine Tools . . . Grinding Equipment . . . Tool Steel . . . Band Tools . . . Metal Working Supplies

"... surprised at how well things have gone ..."

PADUCAH starts on p. 84

midwestern private utilities (BW-Jan. 27'51,p108).

When construction gets going full blast, the two powerplants will be employing some 8,000 men.

• **More on the Way**—That isn't all. Air Reduction Co. has just started a \$10-million calcium carbide plant at Calvert City, about 15 mi. the other side of Paducah (page 42); 1,000 construction workers will be needed at the peak. Pittsburgh Metallurgical Co., which already has a plant at Calvert City, is doubling its size. Pennsylvania Salt Mfg. Co. is expanding.

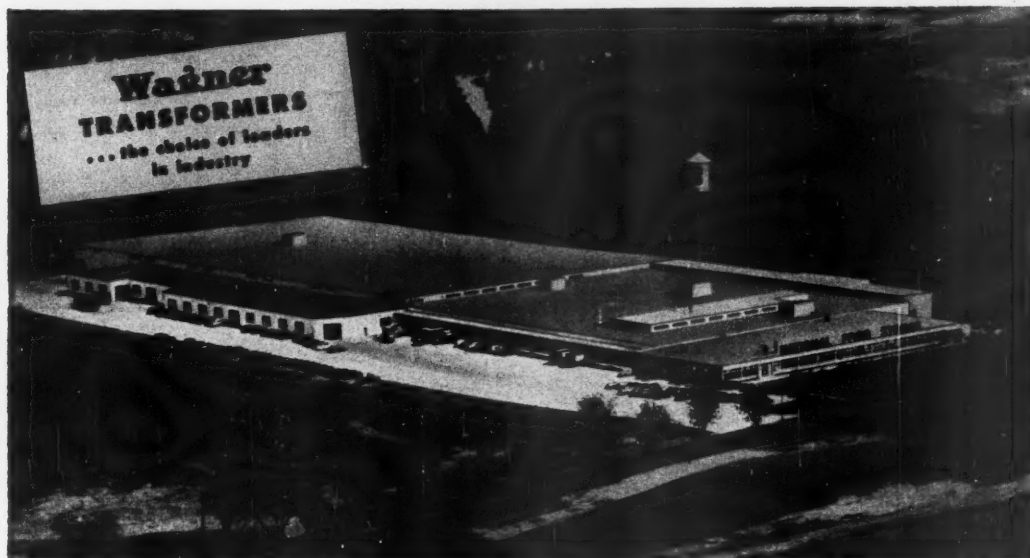
Some local Paducah companies have caught the expansion fever, too. Katterjohn Concrete Products Co., for instance, is going to build a new \$350,000 concrete-block plant.

• **Bearing Up**—So far Paducah is taking the boom well, with not too many signs of strain. There's no comparison with some of the boom towns of World War II, whose defense workers sometimes had to sleep in the parks because of lack of housing.

Most Paducah citizens seem surprised at how well things have gone. When AEC first picked Paducah for its plant, everyone expected a major local dislocation. There has been a dislocation, certainly. But it's not nearly so bad as feared. During the first days of construction, Paducah was flooded with promoters looking for a fast buck. They're almost all gone now. For a while, the 200-room Irvin Cobb Hotel, largest in the city, had long lines in front of its desk every day, with no rooms available. It's still hard to get hotel rooms in Paducah, but not that hard.

• **Some Problems**—Traffic is very bad. One veteran resident says that recently he wanted to make a left turn off U.S. 60 west of Paducah, out near the AEC plant; he counted 76 cars going by the other way, bumper to bumper, before he could find a hole big enough to make his turn. And traffic is getting worse every day as the construction force grows.

About 60% of the construction workers are either local residents or people who live near enough to commute—up to about 25 miles away. Almost every local store and plant has lost some employees to the construction companies; even the police force lost three. One local businessman calls it "quite annoying." Since Paducah stores pay \$150 to \$200 a month for clerks, they can't compete even with straight-time common-labor wages at the plant—to say nothing of overtime. Paducah



Paul Bunyan was a piker...

Even Bunyan's fabulous culinary feats fade into insignificance beside the factual everyday production and handling of mountains of food at the new National Food Stores plant at Hopkins, Minnesota.

Here, the meat cooler space alone will hang 300 cattle at one time... the bakery has a daily output of 45,000 loaves of bread, 4,500 pounds of cake and a ton and a half each of rolls and doughnuts! Hundreds of tons of food—sold through 150 stores in four states—flow through this gigantic building every day.

An operation of this type would be impossible without

electricity—the source of power for production for all modern industry. At the National Food Stores plant, this power is distributed at the right voltage at each load center by Wagner Unit Substation Transformers.

Wagner Transformers are an important part of the equipment in many great industrial plants because they have a reputation for complete dependability and for unfailing service.

Wagner Engineers are qualified to specify the correct transformer for *your* needs. Consult the nearest of our 31 branch offices, or write us.



This Wagner Unit Substation Transformer furnishes power for the bakery of National Food Stores. Similar substations supply the lighting and power loads in other sections of the building.

Wagner Electric Corporation

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WOMEN CABBIES appeared on the Paducah scene shortly after hiring for the AEC plant construction began. Men drivers turned to lucrative construction jobs.

cab companies have lost so many men that women taxi drivers are a common sight today.

The other 40% of the construction workers are migrants, and they're the ones responsible for the most serious problems. But again, the problems aren't so bad as expected. For instance, the Paducah police figured that a lot of roughnecks would come in. So far their fears have not been realized. Drunkenness is up some, but major crime is not.

• **Not Enough Housing**—Housing for the migrants is perhaps the worst problem. A lot of housing is being built—over 700 units have been started since the first of the year—but it's still not nearly enough. About 1,000 of the AEC construction workers live in trailers; there's a trailer camp just about everywhere you look within 25 miles of the plant. Land and property values have shot way up. In many cases they have doubled or tripled since the first of the year. A plot of 147 acres worth \$7,000 about 20 years ago sold for \$78,000 recently.

Rental housing is down to zero. "We can find them rooms, but no apartments or houses," says one Assn. of Commerce man. And even furnished rooms cost from \$10 to \$15 a week. Many Paducah people who have never taken roomers before are doing it now, but they're taking only one or two, to avoid coming under rent controls.

• **Overcrowding Schools**—The migrants have also caused a school problem. McCracken County schools were already badly overcrowded this spring, with 45 to 60 pupils in classrooms designed for 25. They'll be loaded even worse in the

fall. The Paducah schools, which are independent of the county system, still have some room to spare. They don't expect too much trouble because most of the trailer camps and the new housing are outside the city limits.

County school officials are trying to get federal aid for expansion through the U. S. Office of Education. And the teacher shortage is so bad that they're actively recruiting construction workers' wives who have had teaching experience.

AEC had several good reasons for selecting the Paducah site. The area already had a good deal of electric power, due principally to TVA's Kentucky Dam 20 miles east of town. And there were nearby coal fields to supply additional steam plants (it's estimated that 350 new full-time jobs will be created in the depressed coal-mine area of southern Illinois). Paducah, at the confluence of the Tennessee and Ohio Rivers, has plentiful water and good river transportation. Furthermore, the government already owned most of the land it would need; the World War II Kentucky Ordnance Works occupied most of the AEC site. And the ordnance plant was equipped with a good water system.

The plant is expected to be ready to go early in 1953. Carbide & Carbon Chemicals Co., which already operates three Oak Ridge projects, will run it. It will have about 1,600 permanent workers. About 500 will be transferred from Oak Ridge; 750 will be hired locally; 350 will be skilled workers recruited elsewhere and brought into the area.



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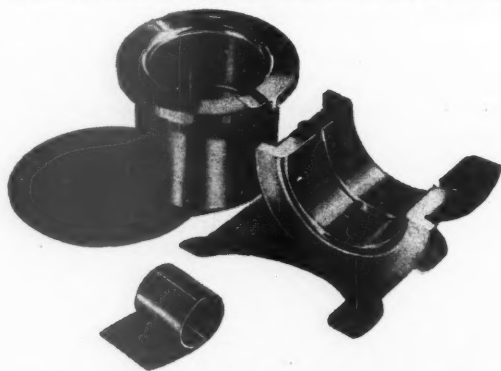
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New England Ails

CEA committee finds area needs modernization of shoe and textile industries, more diversification.

New England's future depends primarily on two things—modernization of its older industries and development of new industries. That's the conclusion announced this week by the President's Council of Economic Advisers. It's based on a year-long study of the region's economy by seven New England economists named by the council as its Committee on the New England Economy.

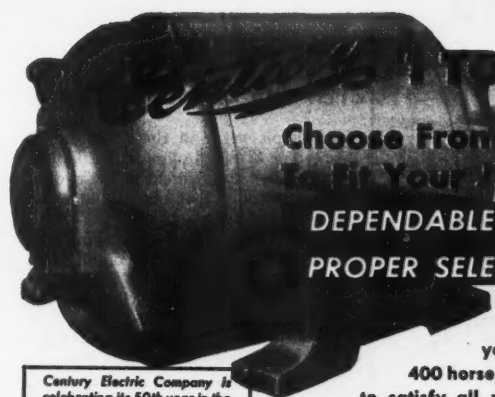
• **Why Distress?**—The survey was originally scheduled as a study of what to do about a depressed area. The business recession of 1949 and early 1950 hit New England particularly hard; at the peak of the unemployment, New England had close to 50% of the country's distress areas (unemployment more than 12% of the labor force). The council set up the committee in May, 1950, to find out why this had happened, how to correct the trouble, and how to lessen the chance of its occurring again.

• **New Situation**—Before the inquiry really got rolling, the Korean war came along and changed its whole picture. Unemployment was no longer a major problem. So the committee shifted its emphasis to an analysis of the early impact of the defense effort on New England and to the region's potential contribution.

But the committee was still very much aware that once the emergency was over New England could easily become a depressed area again. So it gave a lot of thought to how the emergency period could best be adapted to the region's postwar benefit.

• **Two-Industry Area**—One of New England's basic troubles, the committee found, is that over the past 30 years it has relied heavily on two industries—textiles and shoes—that have not participated fully in the country's general industrial expansion. And it hasn't held its own even in these two. A substantial part of the two industries has moved out of New England to the South and Midwest.

In 1919 these two industries accounted for almost 40% of New England's factory employment. Between 1919 and 1947 the region's population rose almost 2-million. But over the same period its total manufacturing employment dropped 30,000, or 2%. National factory employment rose 4.4-million, or 44%. Shoes and textiles were the reason, of course. New Eng-



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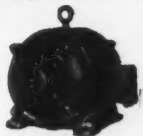
Century Electric Company is
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TYPE SC—Open Drip proof General Purpose Motor. Meets the needs of most installations where operating conditions are relatively clean and dry.



TYPE SC—Splash proof. Supplies protection where plants must be washed down. Keeps out all falling or splashing liquids—rain, snow, sleet, etc.



TYPE SC—Totally Enclosed Fan Cooled. Protects against dusts, mist, oil, fog. Inner frame protects vital parts of the motor, seals out harmful matter.



TYPE SC—Explosion proof. Protects life and property in atmospheres charged with explosive dusts or gases.



TYPE SR—Wound Rotor. Open Construction. Ideal for applications requiring low starting current with high starting torque, reversing or adjustable speed.



TYPE SR—Wound Rotor Splash proof. Same electrical characteristics as motor shown above. In addition, gives adequate protection against falling and splashing liquids.



Single Phase

TYPE RS—Repulsion Start Induction, Open Construction, Single Phase Brush Lifting Motor. Combines high starting torque with low starting current.



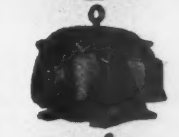
TYPE RS—Splash proof. Same advantages as open construction, plus protection against splashing and falling liquids.



TYPE CSH—Capacitor Start Induction, Single Phase Motor. Suitable when high starting torque with normal starting current is satisfactory.

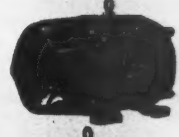


TYPE CSH—Splash proof. Same advantages as motor shown above, plus protection against falling and splashing liquids.



Direct Current

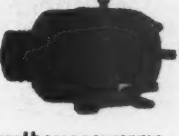
TYPE DN—Direct Current Motors. Suitable for use where direct current is available, or its use desirable.



TYPE DN—Direct Current, Splash proof.



TYPE SY—Synchronous. Suitable for continuous operation at a uniform load for power factor correction.



In addition to a complete line of integral horsepower motors, Century offers fractional horsepower motors, gear motors, generators, AC and DC motor generator sets.



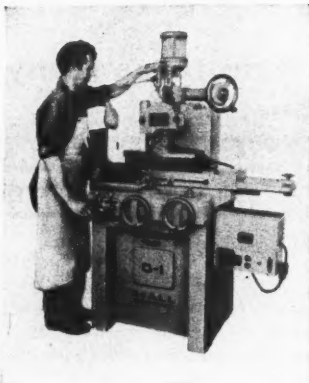
For a long life of satisfactory performance, specify Century motors for all your electric power requirements.

CENTURY ELECTRIC COMPANY, 1806 Pine Street, St. Louis 3, Missouri • Offices and Stock Points in Principal Cities

DoALL "COOL GRINDING"

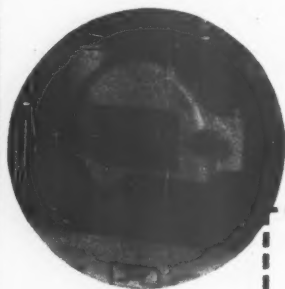
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**COOLS THE CUT AND THE WORK
NO BURNING OR CHECKING
FASTER GRINDING
GREATER ACCURACY
LONGER WHEEL LIFE
FULL VISIBILITY
NO SPLASH GUARDS
NO MESSY TANK OR PUMPS**



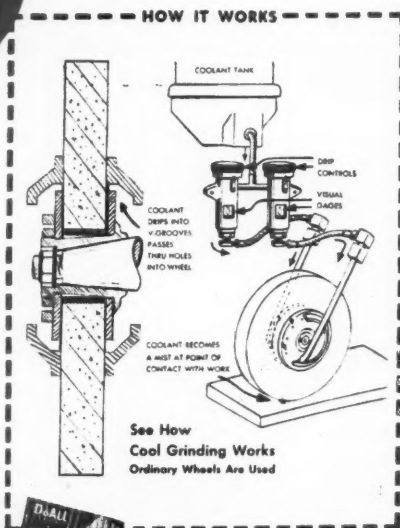
There is a DoALL Precision Grinder for every surface grinding requirement.

Grinding piercing dies—a tough job done faster, better by "COOL GRINDING."



IN DoALL "COOL GRINDING" coolant flows through the wheel and atomizes at the point of work. Every cutting particle is surrounded by coolant. Standard wheels are used. The results are spectacular. Big time and labor savings, greater precision, longer life between tool grinds are just a few of the benefits. There is a complete line of DoALL Precision Grinders with "COOL GRINDING" for every toolroom and production job. Ask to have a **DEMONSTRATION** of one of these grinders in your own plant. **THE DoALL COMPANY**, 254 N. Laurel Ave., Des Plaines, Ill.

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Tells all about the benefits of "COOL GRINDING." Shows DoALL Precision Grinders for every requirement.



INDUSTRY'S
NEW
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27 SALES-
SERVICE
STORES

DoALL



"... what saved New England was the rise in its durable goods industries ..."

NEW ENGLAND starts on p. 90

land employment in these two industries alone declined more than 200,000. (Nationally, employment in the two increased 65,000; that shows the effect of migration.)

• **Saved by Machinery**—The thing that saved the New England economy during this period was the rise in its durable goods industries. Machinery industries were primarily responsible; their employment rose almost 110,000 over the 28-year period.

This is the background of the committee's major recommendation—that New England must hold on to what's left of its shoe and textile industries and at the same time must strive to continue its expansion in the durable goods field.

• **Modernization**—If it is to hold on to shoes and textiles, New England is faced with a big modernizing job. It won't be easy. The committee comments specifically on the resistance to new ideas among management and labor alike. It found this attitude to be particularly serious in communities that depend most heavily on textiles and shoes.

The committee aims two specific recommendations at this problem: (1) Both labor and management should "search for means to increase the productivity of both labor and capital"; and (2) every effort should be made to achieve genuine collective bargaining "so that necessary changes can be made bilaterally and with decreasing reliance upon arbitration between positions rigidly held."

• **New Industries Needed**—Nevertheless, the committee believes that losses in employment in the soft-goods industries are almost certain to continue—and the trend to modernization and greater efficiency will contribute to the decline. Thus, the region "needs to seek aggressively the development of new industries."

Among New England's biggest assets, the committee found, are proximity to markets and a highly skilled labor force. For this reason, the report says, the industries it should seek to expand are primarily those "engaged in the intermediate or later stages of production, where value added by manufacture is a high proportion of sales value."

How is New England to achieve this diversification? Partly, the report says, by "actively pursuing opportunities for expansion or modernization under the defense program." But the committee

consumed at leisure ...

but **PROCESSED**
IN SECONDS!



Processing at a profit is no trick for Delta Products Co., producers of choice margarine and shortening.

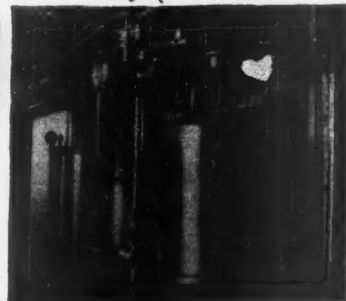
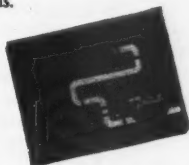
At the company's Wilson, Arkansas, plant, cottonseed oil and other ingredients are fed into Girdler's efficient VOTATOR Processing Apparatus—which emulsifies, crystallizes, tempers, and delivers a finished product to molding machines, ready to package.

All this takes place in a matter of seconds—since the VOTATOR Heat-Transfer Mechanism is the most effective application of basic heat-transfer theory yet devised. And—only casual supervision is required.

With this equipment, ingredients flow through a totally enclosed system under precise automatic control. Purity and freshness are safeguarded, and product uniformity assured.

If you process any liquid or viscous materials requiring heating or cooling, sterilizing, plasticizing, crystallizing, quick-freezing, or aerating, it will pay you to investigate VOTATOR Processing Apparatus.

WRITE FOR FREE BOOK—This 32-page book gives you the complete story on VOTATOR Processing Apparatus. Describes the processing of an amazing variety of food and industrial products. Contains 12-page technical section with valuable reference data and charts. Write for your free copy today! The Girdler Corporation, Votator Division, Louisville 1, Ky.



Delta Products prides itself on its efficient integrated facilities. Raw materials are picked in the company's own cotton fields, move in continuous flow through processing plant. VOTATOR Shortening Apparatus (top) and VOTATOR Margarine Apparatus (bottom) convert oils to finished products in seconds—where batch methods would take hours.

VOTATOR—T.M. Reg. U.S. Pat. Off.

THE **GIRDLER** CORPORATION
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machine cleaning
time cut

90%

Production increased ...
accidents decreased with

Hypressure **Jenny**
steam cleaner



Here are actual man-hour savings reported by four prominent manufacturers* who switched from hand cleaning of production machinery to the 10 times faster—and better—Hypressure Jenny Steam Cleaning.

MACHINE	Hand Cleaning Time	Hypressure Jenny Steam Cleaning Time	Man-Hours Saved
40 Ton Toggle Press	64 hrs.	3 hrs.	61 hrs.
72" Calender Machine	48 hrs.	5 hrs.	43 hrs.
Auto. Screw Machine	49 hrs.	5 hrs.	44 hrs.
8 Ton Wood-Working Mach.	32 hrs.	2 hrs.	30 hrs.

*Names on request.

Savings like these—and they are typical throughout industry—can add up to many thousands of dollars a year. And keep in mind that they represent economies in actual cleaning time only. Additional savings of up to 40% in repair costs, less "down-time" for production machinery, and fewer lost-time accidents, invariably result when machinery, tools, equipment and floors are kept clean and free of dangerous, speed-retarding dirt and grease.

You'll find Jenny a big time and money-saver in your plant, too. Complete details are yours for the asking. Write today.

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Let us put this Prater equipment in a "package" for you. Let us design your process system so that you can grind and fractionate in one continuous operation. This closed circuit plan involves the use of Prater Dual Screen Pulverizers . . . Twin Cone Fractionators . . . Heavy Duty Collectors . . . and Rotary Airlock Feeders. And for fast, uniform blending of dry materials we'll include Blue Streak Twin-Spiral Mixers. Send for complete details and free book . . . today.

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PRATER Mills • Mixers • Magnets • Pulverizers
Fractionators • Dust Collectors • Milling Equipment

"... there has been an increasing net drain of funds as a result of federal operations . . ."

NEW ENGLAND starts on p. 90

foresees some trouble here, too. It points out that New Englanders are noted for independence and self-reliance and that they seem to be less willing to seek federal help than the people of other regions.

• **Won't Take Its Share**—Independence may be a good thing, but it can be carried too far. For New England, it has had two bad results. Although the region accounts for over 9% of the nation's manufacturing, it got only 4% of the new plants built during World War II.

And the same thing seems to be happening again in the current emergency: Through May 25 the region received only 7% of the certificates of necessity that were awarded by NPA. And more than half of that amount was for a single project—the New London steel mill—which may never be built (BW—Mar. 17 '51, p. 24).

The other bad effect of New England independence is more serious because it's more general in scope. Since New Englanders get less out of the federal government than they put into it, there has been an increasing net drain of funds from New England in recent years.

• **More Recommendations**—Expansion and modernization aren't the committee's only recommendations. Among the others: The steel mill should be built as soon as possible; local taxes should be reduced when they "place a burden on industry in excess of that imposed by competing areas"; import duties on raw materials should be lowered; the railroad freight-rate structure should be revised to remove Boston's disadvantage on export goods as compared with other East Coast ports; New England's nonmanufacturing industries—forestry, fishing, agriculture, resort business—should be aggressively developed; double taxation of dividends should be eliminated to encourage new investment.

• **Second Study**—At the request of the joint Congressional Committee on the Economic Report, the National Planning Assn. is making a study of New England similar to the one it did a while back on the South (BW—Jun. 25 '49, p. 31).

The new study will pick up where the CEA study left off and will be far deeper and broader. One of the things it will probably tackle is a thorough statistical study of New England's balance of trade and payments.



spur prosperity in the Middle South

Farmers and agricultural leaders, with an eye on the future, began 20 years ago to change traditional farm methods in the Middle South. They were successful, and today farmers of Arkansas, Louisiana, and Mississippi continue to spur economic growth in this three-state region.

Farm improvement and education have spread rapidly over the Middle South. More and more farmers have added such devices as mechanical harvesters and cultivators. Methods have improved in crop rotation, diversification, soil building and insect control, now regarded as standard practices.

All of this farsighted work has raised farm output substantially in the Middle South. Thus farmers turn out larger supplies of raw materials for growing industries; create expanding markets for more and more businesses in the region.

Today, receipts from farm marketing in the Middle South total 1¼ billion dollars a year—a 275% increase since 1940. And these dollars come from a variety of sources. For instance, annual income from livestock alone is up 3¼ times to 360 million dollars, while a new crop like tung oil brings 3 million.

Farmers have proved that there is a world of opportunity in the Middle South. Their investment of time and money—like that of business and industry—demonstrates confidence in the future of the area.

So, if your company processes or uses agricultural products, investigate the Middle South's economic advantages now.

For further information write

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Area Office, 211 INTERNATIONAL TRADE MART, New Orleans, Louisiana or
any of these business-managed, tax-paying electric and gas service companies:

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NEW ORLEANS PUBLIC SERVICE INC.
New Orleans 9, La.

Flame cultivating on
a Middle South farm

Go to the head of your class with **Carrier**

Air conditioning is the first step in modernizing your store—

Carrier Weathermakers make it easy for you to modernize your store step-by-step. You can install them now — and they'll begin paying for themselves right away. They'll relieve the usual summer slump. They'll make your personnel more efficient. They'll eliminate markdowns on sweat-damaged goods and reduce cleaning bills.

But that's just the beginning. Carrier Weathermakers clean the air — so that your merchandise can come out from under glass without getting dusty. You can redecorate to a bright modern color scheme and be sure that it will stay new-looking longer. And your store can be cool — even after you add the extra heat load of brighter lighting and a new open store front.

If you want your business to go to the head of its class . . . call your Carrier dealer today! He's listed in the Classified Telephone Directory.



Step No. 1—Install Carrier Weathermaker Air Conditioning! Carrier's exclusive Even-flu air distribution gives you superior year-round air conditioning without the expense of duct work.



Step No. 3—Get gay with color! Paint your walls and fixtures light modern shades that reflect more light. A Carrier Weathermaker makes them practical by filtering out dust.



Step No. 4—Turn on the light! Brighter lighting enables you to use direct light on dresses, indirect light on silver, spotlights on displays. Weathermakers keep your store comfortable!



Step No. 5—Plan for store traffic! Shift your displays and fixtures to meet the shifting seasonal demands for specific items. Your Carrier Weathermaker lets you control distribution!

More people enjoy

Carrier

Air Conditioning than

Weathermaker Air Conditioning!

CARRIER Weathermakers lead your step-by-step modernization program

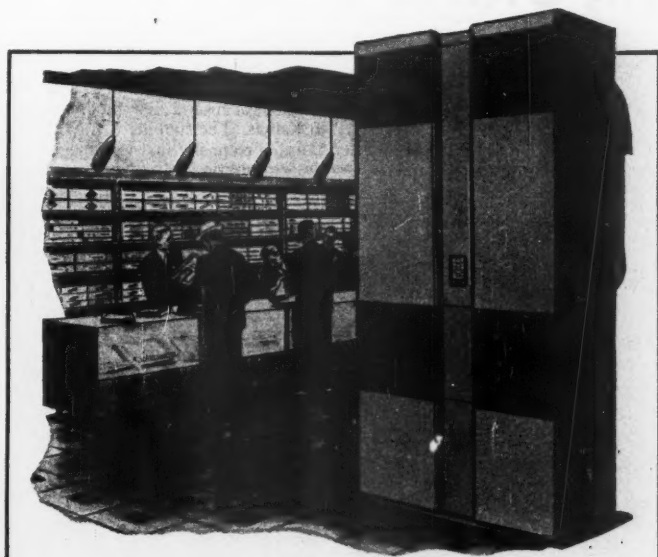


Step No. 2—Take your goods out from under glass! Put them where your customers can see them, feel them, and make their own selection. The extra-large filter keeps the air dust-free!



Step No. 4—Put up a better front! Enlarge your display windows. You'll draw more customers. The Weathermaker Air Conditioner cooling capacity can offset the sun heat load.

any other kind!



The Carrier Weathermaker* is summers ahead!

**COOLS • CLEANS • CIRCULATES • VENTILATES
LOWERS HUMIDITY • REDUCES NOISE**

Exclusive controlled cooling—gives you real comfort by balancing temperature, humidity, ventilation and air motion.

Exclusive Humitrol—removes more moisture on damp days, keeps goods feeling crisp, shoppers comfortable.

Exclusive Even-fo air distribution—new advances in design assure superior air conditioning without "dead spots" or drafts.

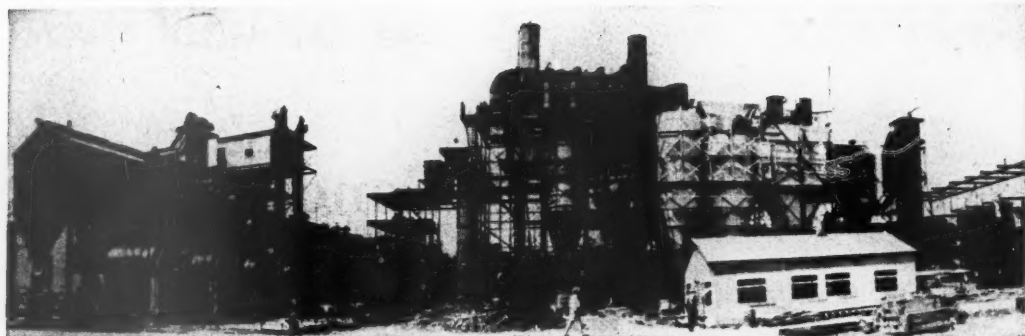
Exclusive whisper-quiet operation—revolutionary Q-T fan, plenum chamber and Even-fo diffuser keep operation quiet.

Hermetic compressor—no belts to wear out, nothing to oil or adjust, no seasonal pump-downs.

Lower operating cost—larger filters, coils and condenser tubing save money on electricity and water consumption.

*Reg. U. S. Pat. Off.

INDUSTRIES



NEW FURNACE BLACK PLANT near Baytown, Tex., will produce 36-million lb. a year. Huber has a second unit on the way.

Ink Starts a Gas and Oil Business



GAS WELL near Borger, Tex., gives Huber 10-million cu. ft. a day.

Terms of a contract were being hammered out last week to supply Panhandle Eastern Pipeline Corp. with natural gas from a new producing area in Kansas. The supplier is J. M. Huber Corp., a company that leapfrogged into the gas and oil business in a search for raw materials for its original manufactured product—ink.

• **Lucky Strike**—The Huber discovery is on a 25,000-acre lease block near Liberal, Kansas. The first well on the property was a 91-million cu. ft. producer; a second was tested at 55-million on open flow; and a third, not yet tested, was estimated at 40-million when it was blown in recently. Huber's lucky strike could be even richer. The new wells are located in an area only one-tenth the size of the whole lease so there is much more to be explored.

The contract between Huber and Panhandle calls for the initial delivery of about 15-million cu. ft. a day. Ultimately, it might be 10 times that.

• **All for Sale**—Huber will sell all the gas that comes out of the Liberal field. This is somewhat of a departure since the company is quite a gas consumer itself. Huber uses gas to make carbon black for black ink. This year it will probably use 80-million cu. ft. a day and sell about 50-million cu. ft., not counting Liberal.

• **Sixth Generation**—The Huber family has made ink for 170 years. Manufacturing started near Munich, Germany. A half century ago J. M. Huber came to this country to sell ink and also color pigments, which the company made until recently. After a look around, he decided it would be better to make the ink and pigments here, rather than sell the German product.

Today the sixth generation of Huber ink makers is in the saddle. That's Hans Huber (cover) who is now president of the family-owned company.

• **The Diversification Trail**—It is he who has taken the company on the long trail leading from ink into a half-dozen other lines of business. It started when researchers discovered that the addition of carbon black to rubber gave tires a much longer life. That new use for black zoomed the demand, which hadn't amounted to much before. Fearing that its sources for carbon black might be shut off, Huber decided to make its own. Since carbon black is produced through the controlled combustion of natural gas, the company decided to get into the gas business itself.

• **Exploration**—Huber first explored for oil and gas in West Virginia. It picked up some gas there, but, more important, it got experience that paid off later on. From West Virginia, Huber bounced over the map to Louisiana, Texas, Wyoming, Colorado, and Kansas. It was in the heart of the oil-rich, gas-rich Panhandle area at Borger, Texas, that Huber really clicked.

At the start of this year Huber had 435 oil and gas wells in operation. About half of them are oil producers, and gas flows from the other half. But there are several wells that produce both. At the rate of exploration Huber is maintaining now, it looks as if 100 more wells will be drilled this year.

• **Gasoline Supplier**—When the gas comes from the wells, it is first stripped of gasoline and sulfur. Then it goes to the carbon plant where the carbon black is produced. By going into the business, Huber almost automatically became a supplier of gasoline to the



Unique SPEED NUT

Stars on Bendix Television

Product of Bendix Aviation Corporation

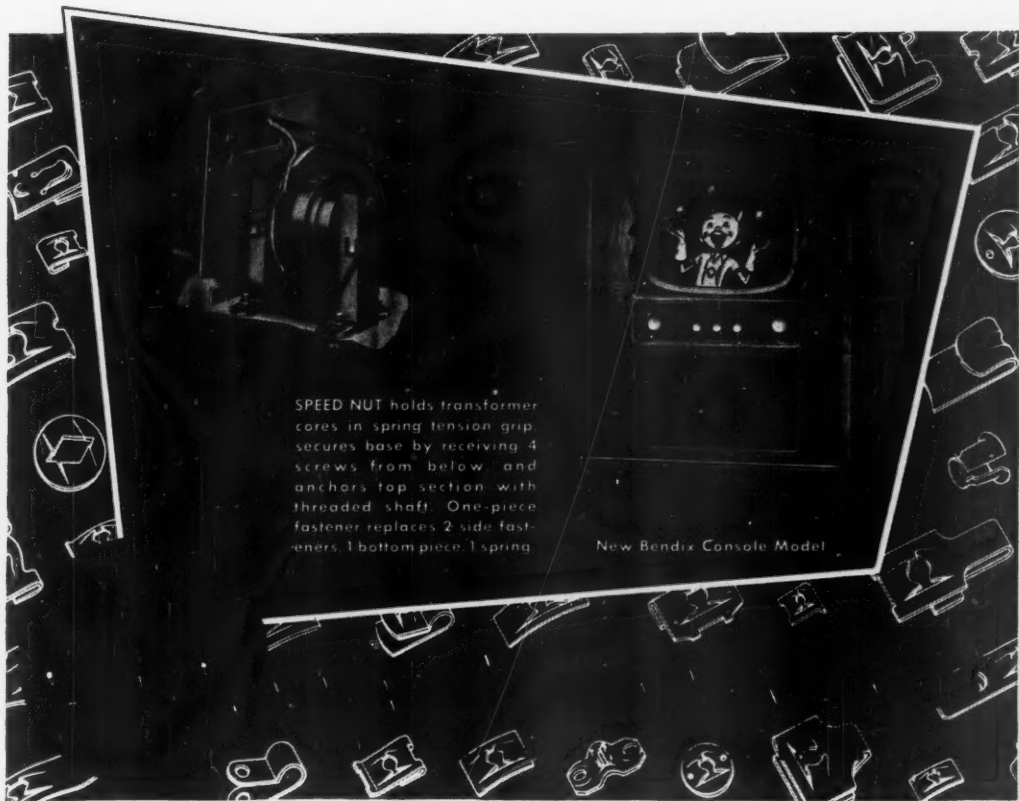
How multiple-function SPEED NUT made 40% savings in the assembly of TV transformer

Like the juggling stars on television, this new fastener does several jobs at one time . . . and provides several important cost-savings advantages.

Bendix Television engineers discovered this in their search for a better, simpler way of assembling high voltage transformers. Selected because it was engineered to do this specific job, this unusual Tinnerman fastener:

- (1) replaced 4 parts, thereby reducing parts handling;
- (2) cut material costs 50%; (3) provided a 40% savings in cost of assembling transformer.

It is through improvements and economies like this that Bendix Television, Baltimore, Md., is able to supply top quality "Front-Row" television receivers for thousands of American homes. You, too, can step up product quality and make production dollars go farther with SPEED NUTS. Your Tinnerman representative can show you how. Call him soon—and write for your edition of "Savings Stories"—actual case histories of leading manufacturers. TINNEMAN PRODUCTS, INC., Dept. 12, Box 6688, Cleveland 1, Ohio. In Canada: Dominion Fasteners Ltd., Hamilton. In Great Britain: Simmonds Aerocessories, Ltd., Treforest, Wales.



SPEED NUT holds transformer cores in spring tension grip, secures base by receiving 4 screws from below, and anchors top section with threaded shaft. One-piece fastener replaces 2 side fasteners, 1 bottom piece, 1 spring.

New Bendix Console Model



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JET AND ROCKET SHIPS top them all for high flying speeds —and searing engine temperatures!

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Furnishing steel makers with alloys essential to the manufacture of special steels is but one of the important jobs of the people of Union Carbide. They also provide the giant carbon and graphite electrodes for the electric arc furnaces which are used to make many of these fine steels.

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petroleum companies. Later on, when oil began to gush from Huber holes, there was crude oil to sell, too.

Huber's production of carbon black amounted to 64-million lb. in 1945. Of that, 52-million lb. was channel black. The remainder was furnace black, made from oil instead of gas. This year total carbon black production capacity will be in the neighborhood of 170-million lb.

The big production jump will be almost exclusively in the furnace black category. That's because it is the kind most effective in making synthetic rubber products. Last month Huber opened the first unit of a new furnace black plant near Baytown, Texas. It will produce 36-million lb. a year. A second unit of the same size will be in full operation by November.

• **Ink First**—In spite of this active interest in gas, oil, and carbon black, Huber's first love is the ink business. The company claims to be the No. 1 U. S. manufacturer of newsprint inks (it makes them in both black and color) and also an important producer of inks for printing on containers. Huber anticipated an increase in ink sales this year of 122% over 1945. That isn't quite so big a growth as in other parts of the business, though. Total sales volume moved up 212%—from \$8-million in 1945 to an estimated \$25-million this year. Carbon black climbed 266%; oil and gas, 242%; and clay, 198%.

Huber got into the clay business when it learned of the need for clay by its ink and carbon black customers. The rubber industry needed clay as a filler for making insulated cable, rubber heels, and other hard rubber products. And coated paper, on which much of Huber's ink is printed, gets its glossy finish from a clay coating.

• **Lumber and Chemicals**—That's not all. Huber's in the lumbering business, too. It bought some timberland in Maine, now owns 153,000 acres and sells stumpage to paper producers, old customers for clay.

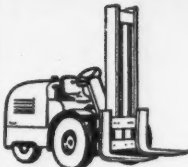
In somewhat the same way, it got into the chemical field. Certain chemicals will improve the vulcanizing and processing of rubber. Huber began to make these chemicals or have somebody else make them for sale to their rubber friends.

• **Cottage on the Shrewsbury**—Focal point of the company is not at any of its plants or at its New York office. President Huber hangs his hat in an office building that looks like a cottage on the banks of the Shrewsbury River in Red Bank, N. J. Huber doesn't linger there long. He travels a lot from plant to plant. And he keeps himself in trim for the weekly grind by vigorous exercise—tennis in the summer, skiing in the winter.

Make your good equipment better with

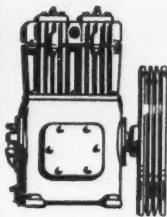
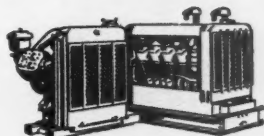
Sealed Power

PISTONS · RINGS · SLEEVES



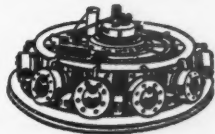
IN the keen competition of these times, Sealed Power engineers are helping many manufacturers improve their products—looking to improved sales. Sealed Power experience touches every kind of industry where power production is involved. Sealed Power Piston Rings, Pistons, and Sleeves are the products of more than forty years of experience.

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SUBURBAN STORES, like this one at Milburn, N. J., play a big part in plans of Peter Henderson-Stumpp & Walter merger,



SEEDS ARE STILL the mainstay of the seed man's business, as witness this rack. But he's offering a more varied fare as . . .

Seed Business Sprouts New Lines

In the past 10 years, most industries have educated their customers to pay prices that are twice or three times what they were in 1940. But there is at least one exception—the companies that grow and sell vegetable and flower seeds. Pricewise, the seeds just haven't come up.

With seed prices standing firm—in some stores you can still get a packet for a nickel—the seed men need a higher and higher volume to keep profits healthy. And they have to keep a wary eye on costs. In other words, they need high-powered merchandising with a minimum of overhead.

• **Merger**—That's the ultimate goal of a merger that's cooking this week between two of the oldest seed houses in business—Peter Henderson & Co. and Stumpp & Walter.

Henderson's got its name from the Scottish gardener who founded it 104 years ago and who made big contributions to the development of seeds that would fit U.S. conditions. Stumpp & Walter has been around for years, too, purveying garden goods to the carriage trade in the New York area. Since 1948 it has belonged to Edwin Carter, a Delaware and New Jersey newspaper publisher, who will be president of the new Peter Henderson-Stumpp & Walter Co.

• **Dovetail**—The two firms will synchronize nicely for an integrated business. Henderson's mainstay is vegetable seeds, sold by mail order. S&W specializes more in flowers and bulbs and does three-quarters of its business through eight retail stores in the New York area. Even their catalog mailings

have only 10% duplication, though each goes to a list of 250,000.

Each does a lively business in lawn grass seed—the one seed that has gone up markedly in price. It's scarce because many growers in the Blue Grass area have given it up in favor of government-supported crops.

The Henderson-S&W combine has two major projects waiting for completion of the merger:

• Five new retail stores will be opened up within a 100-mi. radius of New York. They'll be modeled on the S&W store in Milburn, N. J. (pictures), with its ample parking and supermarket features. The goal is to have 50% of sales through the stores, 25% by mail, the rest to market growers.

• All the stores, old and new, will offer a wide variety of merchandise



OUTDOOR FURNITURE helps to give the new look to the seed stores. Henderson-S&W are also planning to sell assorted furnishings for inside the house.



ASSORTMENT of merchandise helps diversify the seed man's too seasonal business.



BOOKS, TOO—but at least they're mostly concerned with gardening.



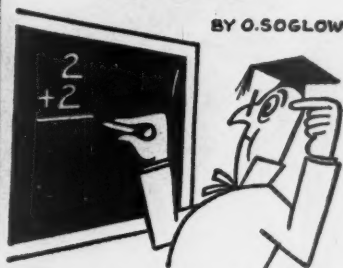
LAMPS AND GADGETS everywhere and not a growing thing in sight.



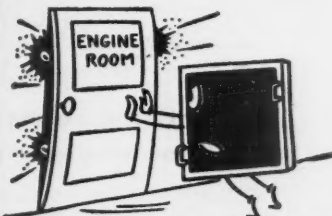
AND A GRILL. At least you can use this number in your garden.

AIR-MAZING FACTS

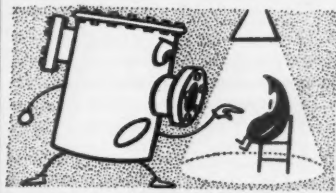
BY O. SOGLOW



DUST MAKES LESSONS STICK. The writing on a blackboard is actually made up of millions of minute particles of chalk dust—each carrying a tiny electrical charge that holds it onto the board.



SLAMS THE DOOR ON DUST! Diesel engines get protection from dust damage with Air-Maze panel filters in engine room air intakes. Air-Maze filter panels are easy to clean, provide high efficiency with low pressure drop.



OIL COMES CLEAN! Air-Maze full-flow oil filters for stationary diesel engines extract gritty dirt and metal particles from crankcase oil, keep them from scoring moving parts. Cleaning makes the filters good as new!

WHETHER YOU BUILD OR USE engines, compressors, air-conditioning or ventilating equipment, or any device using air or liquids—the chances are there is an Air-Maze filter engineered to serve you better. Representatives in all principal cities, or write Air-Maze Corporation, Cleveland 5, Ohio.

AIR-MAZE

The Filter Engineers

AIR FILTERS
SILENCERS
SPARK ARRESTERS

LIQUID FILTERS
OIL SEPARATORS
GREASE FILTERS



"So we tried dynamite! You got any more bright ideas for gettin' thru Cyclone Fence?"

● The brainier member of this duo is really out on a limb—the usual result when thieves, vandals or trespassers tackle Cyclone Chain Link Fence.

Cyclone Fence protects property and equipment effectively; the protection is lasting and trouble-free. With Cyclone, for instance, top-rails won't bend or break, gates won't drag, posts won't get out of alignment. And the zinc coating—it's applied *after* weaving for complete coverage—is thicker. It gives much more protection against rust than you get from ordinary galvanizing.

Cyclone's many special features of design, construction and installation are

given in our free book, "Your Fence." Plus many photographs, of course. Send for a copy today.

SEND FOR FREE BOOK—You'll find our big, 32-page fence catalog a valuable reference book. It's crammed with pictures, facts and specifications covering many styles of Cyclone Fence, Gates and other property safeguards. Whether you need a few feet of fence or several miles of it, you will want this useful book.

CYCLONE FENCE DIVISION
(AMERICAN STEEL & WIRE COMPANY)


WAUKEGAN, ILLINOIS • BRANCHES IN PRINCIPAL CITIES
UNITED STATES STEEL EXPORT COMPANY, NEW YORK

NO JOB IS TOO LARGE — NO JOB IS TOO SMALL FOR CYCLONE*

USS CYCLONE FENCE

*Cyclone is the trade-mark name of fence made only by Cyclone Fence Division. Accept no substitute.

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Please mail me, without obligation, a copy of "Your Fence."

Name.....
Address.....
City..... State.....
I am interested in fencing:
☐ Industrial; ☐ School; ☐ Playground; ☐ Residence.
Approximately feet.

UNITED STATES STEEL

"... Different firms have tried various dodges ..."

SEED BUSINESS begins on p. 102

for the home, as well as seeds and garden equipment. Here again, the firm knows just what percentages it would like to achieve: 50% in vegetable, flower, and lawn seeds; 25% in bulb and nursery stock; 25% in supplies, outdoor furniture, and the new home lines.

• **Short Season**—The diversification of lines is particularly important. Seed men have realized for years that they must branch out, especially in the north with its short gardening season. Different firms have tried various dodges to beat the incontrovertible fact that you can't sell garden goods to a man who's out skiing.

In Boston, Breck's added a wide list of novelties, vases, and gift shop items to their mail order and shop lines. As a result, December is one of the firm's biggest months, and seeds account for less than half of sales.

Despite the long growing season in the South, the big mail order house of H. G. Hastings Co. found it a good deal to install pet shops in their retail stores in Atlanta, Charlottesville, Chattanooga, and Birmingham. Both pets and their expensive accessories are highly profitable, and the animals seem to give a store window that come-hither look.

• **Breakdown**—Although the Henderson-S&W plans call for reliance on more than seeds, the firm will stick closer to this fundamental than does the seed industry in general. Figures are hard to come by in this highly fragmented and close-mouthed business. But one informed guess puts seeds at only a bit more than a quarter of total sales.

This estimate sets the whole industry at around \$600-million, broken down into \$150-million for vegetable seeds; \$25-million for flower seeds; all the rest for nursery stock and bulbs, insecticides, fertilizers, and tools.

Whatever the actual size of the industry may be today, it's certain that the field for sales is growing. Home ownership has increased enormously, and when the young homeowners get their breath from paying for house, furniture, and babies they're pretty sure to turn to gardening.

Henderson-S&W have their eye on this new market and hope to spot their new stores to pick up a maximum of it. Store business is a lot more profitable than mail order for seed men.

• **Who Buys?**—Carter, the firm's upcoming boss, is on the prowl for new merchandising ideas. As a publisher, he says they are as deplorably scarce

in the seed business as in newspapers. One of his pet ideas is more appeal to the female contingent. It's a dogma in the trade that women buy the flower seeds, men the vegetable seeds. Carter scoffs at this and opines that women buy up to 75% of all home garden seed.

If Carter wants more appeal to women, he also wants more appeal to everybody else. He disapproves of the modest advertising budgets of most seed houses—few run over \$100,000 a year, with the notable exception of Burpee. And the industry in general has been shunning advances in advertising technique for 50 years.

The industry faces one serious difficulty in promotion: You can't patent a seed or even its name. Suppose you were able to develop a superb new seed, say one that would produce meat and gravy. For one year, it would be all yours to exploit. But after that, every other company in the business would be happily selling its own strains of your meat-and-gravy plant.

• **Catalogs**—With no chance of exclusiveness, the seed men have depended heavily on the charm of their catalogs to hold their customers. They've been successful, too. Many a home gardener rates his favorite catalog high on his list of literature.

The seed men have built up a fund of lore about their customers' foibles. They know, for example, that the gardener will gaily experiment with new flower seeds, but clings like a leech to the older vegetable types. Seed men actually raise obsolescent types for home gardeners (who insist on them) that a canner or market gardener wouldn't be seen dead with.

In time, even the home gardeners change their ideas. For instance, they have gradually come to associate dark green color with high vitamin content in peas. So the growers have to breed brunette peas.

• **Throwbacks**—Seed breeding is a constant struggle for the growers. They have to think five or 10 years ahead, not only in terms of demand, but of quality and disease control. Their scientists fight an endless battle against plant atavism—which means that if left to itself each improved strain would revert to its own worst qualities. Peas would get wrinkled and rocky; wax beans would get back their strings; lettuce and cabbage would refuse to head.

When seedsmen come up with new varieties of vegetables and flowers, the innovations go on trial before the All America Selections Council. Competent judges give their accolade to the best types. The procedure—adopted from Britain's Royal Horticultural Society—goes a long way to avert splurges on inferior types.



"Automatic 400"
Ceiling Sprinkler

"Automatic" Pendant
Sprinkler



Shown above is a facsimile of a new piece of literature that you'll want to see, Mr. Executive. Colorfully illustrated, it shows that fire protection with "Automatic 400" Ceiling Sprinklers now meets the demand of discriminating building owners and tenants. Actual installation photographs prove the value of the "Automatic 400" as an inconspicuous sprinkler head that blends well with building interiors of either modern or conventional design.

The beauty of architectural design that is now made possible with "Automatic 400" Ceiling Sprinklers does not in any way interfere with the operating effectiveness of your sprinkler system. In fact, the method of waterway design permits a better distribution than is generally obtained from conventional pendant sprinkler heads. And, although barely visible on the ceiling, "Automatic 400" Ceiling Sprinklers are ready at all times to give quick, dependable action. They're an assurance of safety to life . . . safety to property . . . and savings in money, wherever installed.

Send for your copy of Bulletin 67 today. For convenience, use the coupon below.

"AUTOMATIC" SPRINKLER CORPORATION OF AMERICA
YOUNGSTOWN 1, OHIO

"Automatic" Sprinkler
FOR INVESTMENT PROTECTION

"AUTOMATIC" SPRINKLER CORP. OF AMERICA Dept. W, Box 300, YOUNGSTOWN 1, OHIO
Please send me without obligation, your Bulletin 67, The "Automatic 400" Ceiling Sprinkler

Name _____ Position _____

Company _____ Address _____

City _____ Zone _____ State _____

SMALL BUSINESS



NEW MANAGEMENT: Today Almy is Neale & Carr, Inc., bossed by (left to right) Carr, engineer Tucker, foreman Allen, Neale.

An Old Business Couldn't Die



MONEY MAN Howard Neale (left), Almy's shop foreman, had saved his cash. To buy out Almy, he teamed up with Phillip Carr (right), head of the boiler erection department. Neale is president of the new firm; Carr is vice-president.

You can't always liquidate your business—even if it's a relatively small one.

That's what Charles Almy, president of Almy Water Tube Boiler Co., Providence, R. I., discovered a couple of months ago. Almy had been making Almy boilers for 62 years and decided it was finally time to retire. He announced that his company would be sold for liquidation.

The only hitch was that Almy hadn't reckoned on the owners of the 2,000-odd boilers that he had installed in public buildings, homes, barges, ferryboats, and yachts. The clamor the customers raised was overpowering. Where would they get parts if Almy went out of business, they wanted to know.

• **Old Hands Take Over**—As a result, a handful of Almy's key technicians—men who had grown old in the business—went into a huddle and decided to keep on making boilers.

Howard Neale, shop foreman, had saved his money. He got together with Phillip Carr, head of the boiler erection department. The two formed a new company, Neale & Carr, Inc., and rang in Myron Tucker—for 27 years Almy's chief engineer. Neale became



EMPLOYEES, at least most of them, simply moved over from the old Almy company.




APPRENTICE William Clay (top) learns how to make a tamping machine. Instructor Adam Pitman, an old hand in the boiler business, learned the trade in Finland.



TEACHER Finn Erickson (right) eventually will make another forge operator out of Aristede Cappobianco. N&C hopes to bypass a skilled-craftsman shortage.

POWER SYSTEMS

Defense work



There is far more satisfaction in continuing civilian production, the company's emergency leaves no alternative but to concentrate on war plant operations now. In this field MHS engineers have an abundance of experience and know-how.

No other organization had the opportunity to design and build more engineered handling systems in defense plants during the last war.

No other organization has ever installed as large a handling system for the loading of artillery shells.

For 3 years MHS carried on the mass production of aerial bombs and navy anchor chain in a plant designed, erected, equipped and operated by Mechanical Handling Systems, Inc. Production records set there were unequalled anywhere else.

The record further shows that MHS engineers promoted the idea and built the first conveyor system ever used for the progressive assembly of aircraft. And there were many more such projects during the war years which might be cited.

If you are getting ready for defense work our experience in this field may save you valuable time and considerable expense. Feel free to call on us for suggestions.

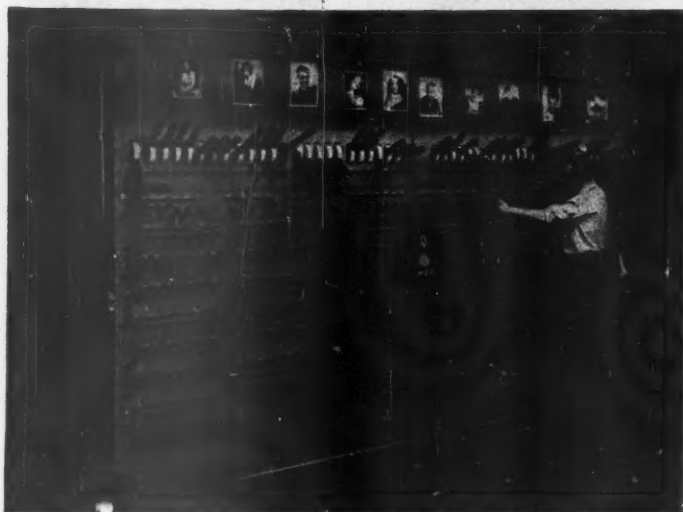
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IT'S FEDERAL NOARK LIGHT CONTROL FOR CBS TELEVISION



One of the new C. B. S. Switchboards . . . totally dead front for safe operation.

POPULAR SHOWS! Finest sets and costumes! Brilliant acting! You can have all these . . . but to put them across to the TV audience requires a stage lighting system of unlimited flexibility and velvet-smooth performance. To ensure this all-important lighting efficiency, Columbia Broadcasting System has installed two Federal Noark Control Switchboards in its New York City studios.

Designed and built in one month

C. B. S. required switchboards with large capacity to permit pre-arrangement of lighting effects for a number of different sets. Each new switchboard, accordingly, controls 200 lighting circuits, any one or any group of which can be connected to any of 40 dimmers. All switches, of course, are of the silent-acting type . . . Important to C. B. S., Federal Noark designed and built these special switchboards within a month of receipt of order.

A full line of control equipment

For motion picture houses, theatres, clubs, auditoriums, schools, churches, recreation centers — wherever lighting effects must be regulated — Federal Noark switchboards and controls are today's outstanding specification. Likewise, throughout the whole range of electric control equipment, a host of unique developments has brought tremendous demands for Noark products. In a few short years, Federal Noark has become one of the largest designers and manufacturers in its chosen field.

FEDERAL ELECTRIC PRODUCTS COMPANY

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**FEDERAL NOARK
MEANS
BUSINESS!**



PIPE BENDER Anthony Vieira was with Almy for 42 years.

president of the new firm, Carr vice-president, and Tucker continued as chief engineer.

They bought out patent rights and the Almy trade name and set up shop in two buildings in Harborside Industrial Park—the former Walsh Kaiser Shipyard in Providence.

Neale took along 13 of Almy's best old-time craftsmen. Anthony Vieira, 73, was one. He was with Almy for 42 years, and Neale says nobody can touch him as a pipe bender. Another recruit from Almy was Adam Pitman, an old-timer who had learned his trade as boilermaker in Finland.

• **Business As Usual**—The new company says the flow of orders didn't let up even during the transition of names. Boilers now on the production line are slated for Imperial Knife Co., Inc., in Providence, and for the new gymnasium at the University of Rhode Island. A shipment has just left for installation on boats of the Casco Bay Steamship Co., Portland, Maine.

• **Same Pattern**—That's the kind of business Almy has been catering to since 1889—industrial, public building, and marine. Around the turn of the century Almy boilers were installed on 65% of all yachts in the country, as well as on most coastwise and seagoing vessels. The company got a little bonanza at the time of the Alaska gold rush; most packets built to carry gold hunters north were powered by Almy boilers.

By the turn of the century Almy was shipping boilers to every state in the country and to many foreign countries. There are still some 2,000 of these in operation in Western European countries, in China, Mexico, most South American countries, and Russia. At least Neale thinks they're still in operation in Russia. The export

A FORWARD STEP—

IN CHLORINE AND CAUSTIC SODA PRODUCTION

MATHIESON MERCURY CELL PROCESS PLANTS BY BLAW-KNOX OFFER THESE ADVANTAGES:

- ★High purity chlorine and caustic soda of rayon-grade directly from the cells
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- ★Low total production cost even in small installations
- ★Complete "turnkey" plants

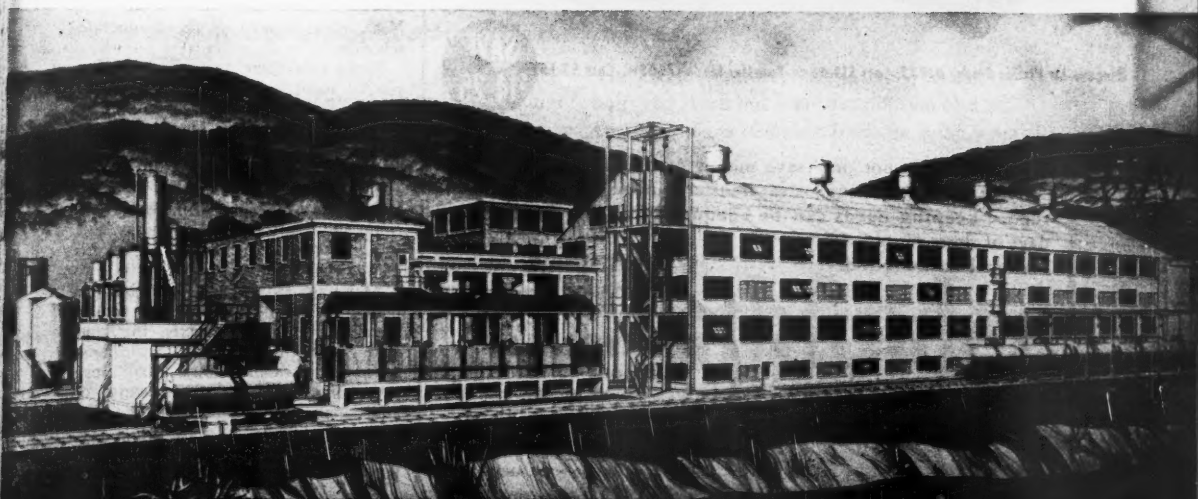


If you are interested in the latest method of producing low cost, high purity chlorine and caustic soda, send today for Bulletin 2261.

CHEMICAL PLANTS DIVISION

BLAW-KNOX CONSTRUCTION COMPANY

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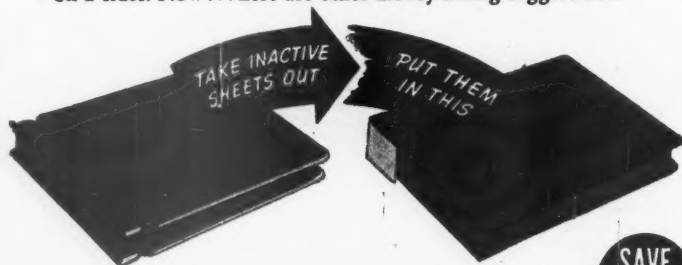


Additional Tips by

NATIONAL

on Deflating Record-Keeping Costs!

National recently showed how you could save costs of a second binder by buying longer posts or adding post sections . . . and how to cut costs of analysis pads by using columnar sheets ruled on 2 sides. Now . . . here are other money-saving suggestions:



New Lockmaster® 9741 Binder, Cost \$8.75 — Transfer Binder 9441, Cost \$2.10

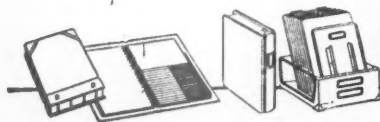
SAVE
\$6.65



Ringmaster Visible Binder R1932, Cost \$18.00 — Transfer Binder 7603½, Cost \$3.75

SAVE
\$14.25

Remember, you not only save money by transferring inactive records to inexpensive transfer binders but your record-keeping needs can be adequately met in these days of short supply. See your National stationer today.



MAKERS OF STOCK ACCOUNTING FORMS AND EQUIPMENT — LOOSE LEAF, BOUND BOOK AND VISIBLE



"... They bought out patent rights and the Almy trade name . . ."

BOILERS starts on p. 106

business is still good today, though not on a par with half a century ago, when long trainloads of boilers strapped to flatcars moved out of the Almy yards.

• **Conservative Policy**—The old company never expanded facilities much. It was content to plod along, turning out a boiler or two a day, and letting the orders stack up. Other boiler firms came into existence and mushroomed into big-time stuff—like the home oil burner, industrial oil burner, and the diesel engine.

The development of the diesel cut into Almy's marine business, but ferryboat and barge people still go for boilers. Other technological advancements have not made too much of a dent. Neale says that's because Almy boilers work as well when fired with oil as they do with coal. Nobody, he adds, has come up with an engineering principle to beat Almy's for getting maximum heat out of a given cubic area of heating equipment.

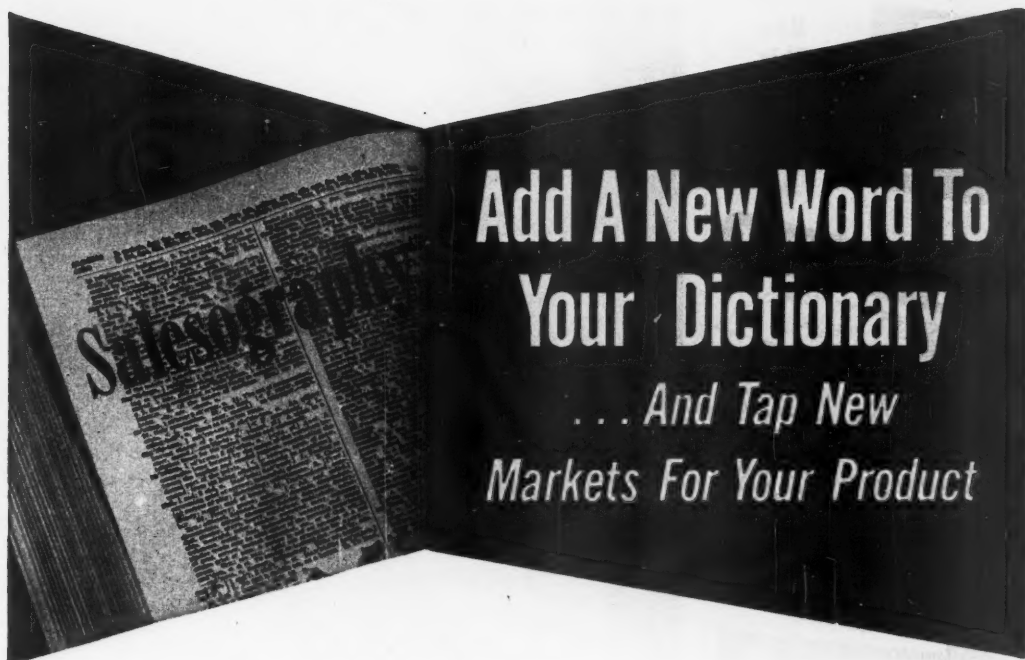
One of the secrets of Almy's success is its water tube system. In other types of boilers, tubes are vertical. Almy's sprout out of a circular drum in the top of the boiler, bend down completely around the firebox, and back up to the drum. Almy's father, Darwin—a marine engineer—got the idea back in the 80's, after seeing a conventional boiler blow up on a Herreshoff racing yacht.

• **Higher Output**—For the moment Neale & Carr is running along on about the same production schedule Almy used—one or two a day of the big box-like boilers, which measure about 10 ft. by 15 ft. and stand 10 ft. high. But Neale plans to step up the production schedule.

Right now there are two stumbling blocks: manpower and materials.

"Good boilermakers," Neale says, "are like blacksmiths. They just don't exist anymore." Neale is trying to get around that problem by putting an apprentice on every job in the shop and having the youngsters learn old tricks from the craftsmen. He thinks this training program eventually will lick his manpower problem.

Materials are hard to get because boilers call for steel of low tensile strength and high elasticity, the kind that goes into guns. But Neale took his problem to the House Small Business Committee, got the promise of additional steel supplies. When the materials squeeze is over, Neale says he'll be ready to increase his production flow.



SALESOGRAPHY is a new concept in sales planning—in sharp contrast to *geographical* sales planning. Geography shows your markets in terms of cities—Salesography shows your markets in terms of *people*. And that can make a big difference in your sales curve.

Salesography shows that having distribution and advertising coverage in all the major cities is not enough. You still have no assurance of getting your goods through to some 90,000,000 prospects in and around the smaller towns.

True, volume sales of many items are made in the large cities. But to whom? Salesography shows that buying centers are, to a large extent, dependent on the purchases of small town customers. PATHFINDER's study of the customer list of big city stores proves this conclusively. If you expect to sell these out-of-town customers, they must be presold in their homes. Preselling is the function of advertising.

Salesography shows the extent to which small town people go to the city to buy. It proves

that advertising directed primarily at city readers fails to reach the small town customers whose purchases are counted in city store sales.

The shortest route to these small town customers is via the advertising pages of PATHFINDER. In and around communities of 25,000 or less, PATHFINDER leads all news magazines. This is the market where PATHFINDER concentrates 80% of its 1,200,000 circulation.

The PATHFINDER representative is trained to help you work out your distribution and advertising plans. Consult him—he is at your service.

Pathfinder

THE FAMILY NEWS MAGAZINE

WASHINGTON SQUARE • PHILADELPHIA, PA.

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Write for Descriptive Folder

AMERICAN CHEMICAL PAINT CO.



ALUMINUM TUBE allows air to circulate through the walls, dries out insulation.

39¢ Gadget Backbones a Business

Cleveland engineer discovers how to cut down paint peeling, finds market for 65,000 "breathers" a month.

A little business in Cleveland is snowballing today because, four years ago, a student at Case Institute of Technology had a bright idea.

Carl Brown knew all about the buck-passing that goes on between paint makers and contract painters over who's to blame for paint blistering and peeling. Personally, he was convinced that most failures were due to damp walls. Once when his painting-contractor father was faced with the demands of an irate home owner to repaint a blistered house, Brown got permission to remove a piece of siding. He found that he could squeeze water from the insulation.

That started an idea—a scheme for getting air into the wall space to dry out the dampness.

• **Takeoff**—The idea worked. As a result, 32-year-old Brown is now manufacturing a "wall breather" that reduces paint failure on homes. It's a tube $\frac{3}{4}$ in. in diameter and $3\frac{1}{2}$ in. long, made of aluminum with an aluminum screen in one end to keep out insects.

Brown is now turning out about 65,000 of these breathers a month in

his one-man shop, but plans to hop up production to more than 1-million a year.

• **How It Works**—Brown's breathers are inserted—on an upward slant of about 10 deg.—through the siding and sheathing of a house and into the air space between the upright studs. One breather goes in about 1 ft. above the plate of the house. Another is lined up vertically with the first and is inserted just under the fire stop in the wall. That puts it on a level with the first floor's ceiling. Generally 24 to 50 breathers are needed for a one-family house.

Purpose of the breather, of course, is to get a circulation of air through the walls to dry out the insulation. Insulation invariably absorbs moisture from laundry, kitchen, and plumbing pipes. The wetness has no place to go except through the sheathing and siding and into the paint. That produces the blistering and peeling.

Brown's breather is priced at 39¢ and is sold in all Sherwin-Williams retail stores, and in many of Glidden's. Cornwall & Co. of Cleveland has exclusive selling rights.



This small investment . . .

**can save you thousands of dollars worth
of hard-to-replace equipment and property**



TODAY, with replacement costs rising and vital materials in limited supply, you'll want to make your present equipment last as long as possible—produce as much as possible. *Pitt Chem* Protective Coatings guard your equipment with a tough, surface-protecting film . . . an impervious sheath against strong chemicals, high temperatures, atmospheric exposure and other destructive elements of

industrial corrosion and contamination.

Pitt Chem Protective Coatings are completely uniform and dependable because they are laboratory-controlled from raw materials to finished product. You'll find that the cost of safeguarding your equipment with *Pitt Chem* is surprisingly low.

● For more information, write today for new booklet, "Control Corrosion Through *Pitt Chem* Protective Coatings."

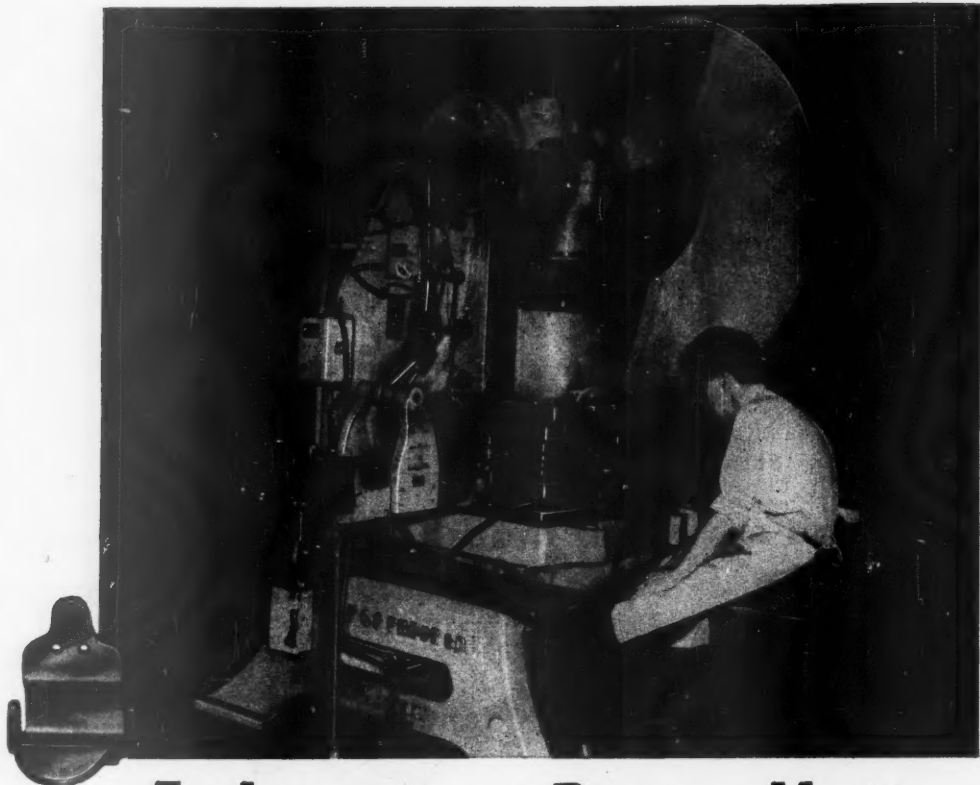
W & D 3726C

- ★ Hot Applied Tar Base Coatings
- ★ Cold Applied Tar Base Coatings
- ★ Alkyd Base Coatings
- ★ Chlorinated Rubber Base Coatings
- ★ Vinyl Base Coatings
- ★ Phenolic Base Coatings

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PITTSBURGH
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For International Business Machines

which uses V & O presses for numerous precision parts. Equipped with a slide feed and stock straightener, the above machine is producing an armature for relay assembly out of coiled, cold-rolled electrical iron. Five working stations are used. The part is trimmed, pierced with two holes, finish blanked, and offset at one end. In the final working position, two ears are bent up and a second offset is formed. For IBM machines, only the best parts are good enough. V & O precision presses assure the best.

Only the best is

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HIGH SPEED AUTOMATIC PRESSES

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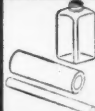
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For RCA

where 180 V & O presses serve as the "work horses" of the RCA Victor Division's metal fabricating operations. RCA uses V & O presses for staking operations, blanking, piercing, forming, stamping, shallow drawing, template work, deep drawing and chassis production.



For Whitney Chain

which uses V & O presses for completely automatic pre-assembly and final assembly of its precision chain products. The presses are used first to produce roller blocks, which involves joining two rollers, two bushings and top and bottom plates. A second group of presses assemble these roller blocks into lengths of chain. Both operations are continuous and held to close tolerances.

For Elastic Stop Nut Corporation

of America, V & O presses are used in the assembly of over fifty types and sizes of Elastic Stop Nuts. The press cuts out the Red Elastic locking insert, presses it into the pre-cut washer well in the head of the nut and forms the metal closure which holds the insert in position against turning.

good enough

DESCRIPTIVE CATALOGS. Catalogs containing complete specifications and operating details are available. Please write The V & O Press Company, Hudson, N. Y.



THE V & O PRESS COMPANY

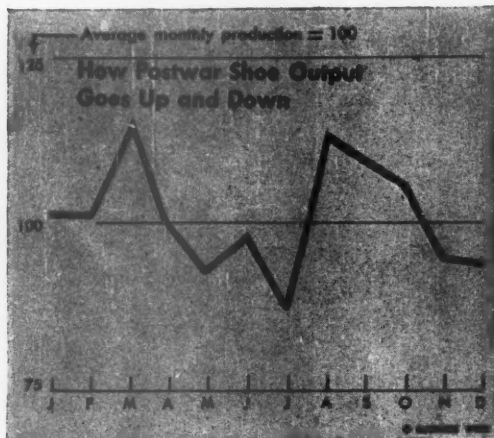
Division of Emhart Mfg. Co.

BUILDERS OF PRECISION POWER PRESSES
AND FEEDS SINCE 1889

HUDSON

NEW YORK

MARKETING



FLUCTUATING demand makes manufacturers reach for . . . RETAIL outlets, which are the key to competitive standing.

To Steady Output, Makers Turn Sellers

The shoe industry always has had more than its share of special problems. It is highly seasonal. Style is a vital factor. And the all-important question of who gets the business often is determined by the way particular lines are displayed and sold.

Lately there have been signs that the industry is trying to solve some of its problems by closer integration between manufacturer and retailer. The movement isn't industrywide yet. But there's enough of it going on to bear watching.

• **Sighs**—Several developments during the past few months spotlight the move:

• A subsidiary of International Shoe Co., St. Louis, the country's No. 1 shoe manufacturer, bought a "considerable interest" in the retail outlet of Feltman & Curme Shoe Stores, Chicago.

• Brown Shoe Co., also of St. Louis, is winding up negotiations to buy the capital stock of Wohl Shoe Co., St. Louis wholesaler and retailer.

• International and Brown are both getting into the retail field for the first time. Two other shoe companies, General Shoe Corp. of Nashville and Shoe Corp. of America in Columbus, Ohio, have been adding considerably to strings of retail outlets that they have held for a long time.

Last July a General subsidiary merged with W. L. Douglas Shoe Co. for a gain of 61 stores (picture). Again in February, General bought out the Nisley retail chain with 46 outlets. Now about one-fourth of General's shoe

production is selling through company stores.

Shoe Corp. is working from the other end. It's a retailer, primarily, that got into shoe manufacturing just five years ago. Last year the company bought the Gallenkamp chain with about 90 stores in western states. Shoe Corp.'s three manufacturing plants supply only 25% to 30% of the company's total sales.

• **Loans and Service**—Because the International-Feltman & Curme deal is still a hush-hush matter, it's hard to say just what it portends. If it means that International is really going into retailing, it would be quite a departure for this veteran shoe maker (BW-Feb. 11 '50, p. 58). So far, the company has resolutely disclaimed any desire to do so.

Some companies say, however, that International is as good as in the retailing business now. About a year ago it formed a wholly owned subsidiary, Shoenterprise Corp. The purpose of Shoenterprise is to make capital loans to men who want to open retail stores and who have all the qualifications except cash.

By the end of 1950 Shoenterprise had made loans to 82 store ventures. Now it will hold the interest in Feltman & Curme.

Even before that, International had at least one finger in the retail pie. Its general-line sales divisions offer complete consultation service to International customers. They will sell them all the fixtures and equipment for their stores at cost, help lay out a store, work

out a stock control system, and the like.

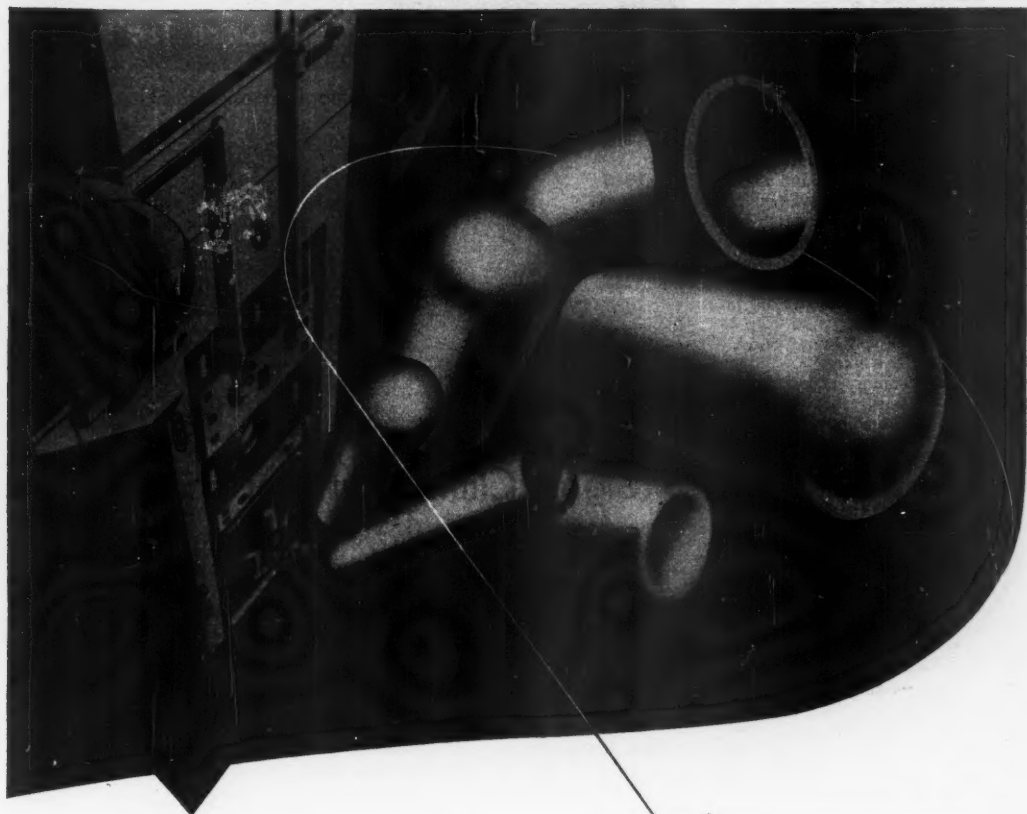
• **Franchise Stores**—Brown has a somewhat similar setup. It has what it calls "franchise stores"—485 of them. Most of the franchise stores sell nothing but Brown shoes. Brown gives them much the same service as International—Brown doesn't finance any stores.

• **No Trend Yet**—Admittedly a few isolated instances like this are a shaky base on which to build a trend. There are roughly 1,400 shoe manufacturers in the U.S., according to the latest figures of the National Shoe Mfrs. Assn. The Federal Trade Commission classifies footwear as in the "moderately concentrated" group of manufacturing industries; 11 to 15 companies control 57.5% of the assets of the industry.

Retail ownership is not heavily concentrated. The 1948 Census of Business lists 19,551 shoe stores. Of these only 7,038 are "multiunits"—two or more stores operated by the same firm.

There's nothing new about manufacturers and retailers of shoes getting under one roof. Several other big ones—Melville Shoe Corp. (Thom McAn shoe), G. R. Kinney, Endicott Johnson—have combined operations for years. Melville started as a shoe retailer.

• **Influential**—But since International, Brown, General Shoe are big names in the field, what they do carries weight. Maxwell Field, economist of the New England Shoe & Leather Assn., reports that the small manufacturers of his area are worried by what looks to them like an important trend. They ask: "If the big ones buy the



Are you interested in
Deep-Drawn Shapes that are

strong and
light?

Here is a modern, proven method of making deep-drawn shapes that avoids conditions that produce thin, weak wall sections, or thick, heavy sections. Wall thicknesses produced by the Scaife method are uniform throughout the entire length of the draw.

Various symmetrical shapes can be produced from both ferrous and non-ferrous metals, in one continuous stroke of the press by this method. Representative applications include pressure vessels, containers, protective enclosures and many other parts.

We will be glad to have your inquiries regarding deep-drawn shapes up to 36 inches in diameter and 1/4-inch wall thickness.

The Scaife Reverse-Draw Process

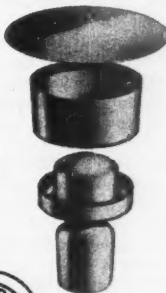
Shown above are some of the deep-drawn shapes that may be made by the Scaife process, and the press employed for the pressing operation. This is how it is done:

Starting with a circular sheet of steel—

a cup is formed by a conventional drawing operation.

A continuation of this pressing operation turns the cup "inside out" without removing it from the dies—

completing—in a single stroke—the deep-drawn shape.



Scaife Company

Founded 1802

Oakmont (Pittsburgh District) Penna.

retail chains, who's going to buy our shoes?" Many of the smaller companies in the St. Louis area—another big shoe center—are wondering the same thing.

• **Need for Integration**—There's a certain amount of logic behind the arguments for integration. First, more integration might ease some production problems. The shoe output is a seasonal business, as the zig and zag on the chart (page 116) show. In peak times, just about all the industry's rated annual capacity of 700-million pairs is going full blast. Actual output in 1950 ran a little short of 490-million pairs, Field says; so there's plenty of production slack. It is easier to keep the plants running if you know ahead of time you have a market.

• **Competition**—Some manufacturers—those who sell under their own brand names—also feel they get a better promotion break in their own stores.

The shoe business is hotly competitive. That's because people generally buy a new pair of shoes when their old ones are on their uppers; it's mainly a replacement market. Year in and year out, with not much variation, manufacturers turn out about three pairs per capita a year.

That makes for a nice stable business. But it also means that if you're going to get your share of it you have to be alive. Here's where display counts. If you own the store, your shoes get the whole play. In a department store, on the other hand, a brand-name shoe has to share the display with other brands and with the department store's own.

The manufacturer of shoes with store brand names can have trouble, too. One says he is never happy about making store-brand shoes instead of his own. "They may buy from you this season and from the other guy next season, if he gives them 25¢ a pair off," he explains.

• **Sales Slowdown**—One shoe expert feels that the prime reason for what he calls a trend toward integration is the overloaded inventories and slow sales that have followed last winter's retail buying spree. Manufacturers are on the prowl, he says, for an outlet, any outlet.

• **Shoes Aren't Autos**—Against all this you can find plenty of people who argue there's no trend here—or maybe only a suspicion of a shadow of a trend. Tradition is against it for one thing. The shoe business is like the garment business in this, as Clifford Anderson, Kinney vice-president, points out. And the problem of style changes, so important to both garment makers and the makers of women's shoes, isn't entirely solved by integration. In fact, Anderson feels, an alert manufacturer with a small plant can sometimes have the edge in switching to new styles.

Straight Whiskey's Comeback Trail

PERIOD	Percentage of total whiskey bottled	
	Straights	Blends
1940	49.5%	50.5%
1941	68.8%	31.2%
1948	13.0%	87.0%
1949	18.8	81.2
1950	24.9	75.1
Jan., 1951	26.0	74.0
Feb., 1951	27.1	72.9
Mar., 1951	33.2	66.8
Apr., 1951	33.3	66.5

Source: Calculated from Alcohol Tax-User reports

BUSINESS WEEK

Straights Climb—But Not Enough

Distillers need heavy sales to work off inventories built against war threat. Stronger promotion of straights seems likely.

Straight whiskey's postwar blackout is just a memory now. And today it looks as though a still stronger trend to straights lies ahead. With inventories choking the warehouses, some distillers are turning to even more intensive promotion of straights and bonds.

• **The Record**—Since 1948 straights have climbed steadily year by year, month by month (table). From only 13% of the total whiskey bottled in 1948, they have grown to the point where they now take one-third of the total. And as the straights have climbed, the blends' share of the business has hit the slides (BW—Apr. 22 '50, p24).

The ratio of straight and bond bottling to blends is the highest since 1944. It reflects increasing sales of the straight whiskeys of Schenley, National, Brown-Forman, Publicker, Stitzel-Weller, Park & Tilford, and other distillers. Seagram's and Hiram Walker depend mainly on the blend business—and are doing all right in it at the expense of their competition.

Both National and Schenley say they are going to step up promotion of their straight and bonded whiskeys. With these two major producers rolling up their sleeves, the smaller straight whiskey makers are likely to follow suit.

• **Little Choice**—At this point they can't do much else. It's the quickest way out from under an inventory load that has been groaning.

Never before have the whiskey warehouses creaked so at the seams. At the end of March of this year, distillers had over 720-million gal. of whiskey on hand, along with 107-million gal. of grain neutral spirits used for blends.

Both totals are records; some distillers have reached the point of wondering where they'll put the stuff.

• **Korea Responsible**—As in so many other industries, Korea did it. In the nine months between July 1, 1950, through Mar. 30, 1951, distillers plunged into a mad production rush that turned out nearly 161.8-million gal. of whiskey and 137.3-million gal. of neutral spirits. Memories of World War II, with its shutdowns and allocations, spurred them like a hornet's sting.

So far nothing has come of their forebodings. Distillers feared that alcohol demand would soar when the synthetic rubber plants started up; imports of some 130-million gal. of alcohol from France took care of that. Then they worried about possible grain restrictions. The Dept. of Agriculture scotched this a month ago when the industry promised to go back to "a normal use of grain" (BW—May 19 '51, p106), which they were glad enough to do.

• **What to Do**—Now the distillers have their stocks. The question is what to do with them.

Price-cutting might work in markets where there are no fair trade laws. But in most of the important markets state laws will hold the line. Besides, price cutting is a solution that has little appeal.

Neither is the industry hopeful about increasing the over-all liquor consumption very much, especially with the impending \$1.50-a-gal. increase in the federal excise tax.

• **Push Sales**—The best bet, some industry executives feel, is to push sales of straights and bonds—in other words

Tell it to Kimberly-Clark

An idea exchange service for
advertisers and buyers of printing

Promotional pieces can also promote good will!

In the rush to sell your products, don't overlook the importance of selling good will. Our travel kit, presented to each passenger on the Santa Fe Super Chief, is an example of how this can be done through providing a "service." The kit contains Canasta, Bridge, and Rummy scorepads plus rules; stationery, stamped envelopes and postcards; matches, scratch pad; colorful travel folders about California, The Land of Pueblos, Grand Canyon and Indian Country; a complete Santa Fe time schedule, and a sizable booklet of interesting facts about all towns, places and sights along the entire Santa Fe system. By making each passenger's trip so much more enjoyable, we have evidence that this unique service has paid for itself many times over in good will toward our railroad.

Arthur A. Dailey,
General Advertising Manager,
Santa Fe Railway System, Chicago, Illinois



"Two" pages in color for the price of one!

One of this agency's most unusual ads was prepared recently for Julius Kayser & Co. It featured two new hosiery and glove colors and looked like a four-color double spread. Actually, however, the ad just gave the effect of a color spread. The left page contained a small copy block and part of the headline, which carried over to the right page. There, our only use of color (in the illustration) was lavishly surrounded with white space. Thus, not only did we cut the color costs in half, but created something new in fashion layout; it may even have possibilities for direct mail pieces.

Mrs. Ruth B. LeBron,
Cecil & Presbrey, Inc., New York, N. Y.



Painless education for salesmen!

Is there an easy way to educate dealer salesmen with the features of your product? We found the solution in a 3-month program called "Circus Quiz"—a program that was both entertaining and educational. Each week, data sheets on our various crane and shovel products



were mailed to the salesmen's homes. A quiz was attached which they filled out and returned after reading the data sheet. Points were awarded based on the number of correct answers, and the salesman and his family could choose from a catalog the prizes which best suited their needs. On completion of the quizzes, data sheets could be assembled to form a complete manual of products and sales information. This program resulted in almost 100% participation, and definitely

improved the salesmen's knowledge of our equipment. Try it—it may work as successfully for you!

G. L. Staudt, Advertising Manager,
Harnischfeger Corporation, Milwaukee, Wis.

Do you have an item of interest? Tell it to Kimberly-Clark!

All items become the property of Kimberly-Clark. For each published item, a \$50 Defense Bond will be awarded to the sender. In case of similar contributions, only the first received will be eligible for an award. Address Idea Exchange Panel, Room 100, Kimberly-Clark Corporation, Neenah, Wis.



As paper is still on allocation, please help prevent the shortage from spreading further. And remember—you add crisp freshness and sparkling new sales appeal to all printed pieces—at less cost, with less waste—when they're done on fully-coated Kimberly-Clark printing papers. Use them whenever possible.

Kimberly-Clark Corporation

NEENAH, WISCONSIN



Quality Machine-Coated Printing Papers

Hifect* Enamel Lithofect* Offset Enamel Trufect* Multifect*



1901-1951

*50th
Anniversary*

Today, more than ever, you can
look to
TOLEDO
to guard your costs better!

After you've fought the battle of high costs, "criticals" and shortages—don't waste materials through careless handling! Tighten your control at every step! See that you have up-to-date scales—and enough scales—throughout your materials handling operations. Look into the advantages of Printweigh in stopping losses that originate through human errors. Whatever your problems in weighing, checking, testing, counting, batching or force-measuring... there's a modern Toledo to do a better job.

Today in your community you'll find Toledo as near as your phone; there are Toledo sales and service offices in more than 200 cities ready to help you in the selection or maintenance of scales vital in guarding your materials and costs.

Write for a copy of our 50th Anniversary Brochure
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TOLEDO, OHIO . . . Toledo Scale Company of Canada, Ltd., Windsor, Ontario

HEADQUARTERS FOR SCALES

to give the current trend every possible assist. More sales of straight whiskey would pare down the huge whiskey inventory faster than heavy sales of blends.

Whether industry leaders will go all out for this solution is still to be seen. But the experts believe the distillers have no choice.

Safeway's Concentrate Upsets Milk Market

For years Safeway Stores has been fighting the California system of propping up retail milk prices for the state's million-dollar-a-day dairy industry (BW—Jul. 29 '50, p. 38). While the big chain has been arguing for the right to cut prices, the state has boosted retail prices 1¢ a qt. since Korea. Still another increase comes up for discussion this month.

Last week Safeway stole a march on the state's minimum price fixers and on the rest of the industry. In full-page newspaper space throughout the state, Safeway offered milk at 2¢ a qt. under the legal minimum price. The catch: It was concentrated milk, not covered by the milk price law.

Concentrated milk (to drink, mix with two parts water) has been on the market in other areas—Wilmington, Washington, Chicago, New England (BW—Mar. 31 '51, p. 86)—for a year or so, but not in California. Most of the dairy industry there has been getting ready to introduce it, and the legislature has been working casually on a bill to blanket it into the minimum price law.

• **The Charges**—On the eve of a legislative hearing on the bill, Safeway jumped the gun. Its ads caught the industry off guard and earned for the big chain a tongue-lashing from the cow-country senators who were sitting in judgment on the bill. They charged Safeway with evasion of the price regulations.

Since nobody could figure out a way to enjoin Safeway, it looked like a perfectly legal evasion. And Safeway had jockeyed the advocates of minimum prices into an awkward public relations position. The bill, almost certain to pass and be signed by Gov. Earl Warren, can't become effective until Sept. 23. That gives Safeway three months to market the new product at a low price. If the price fixers then force Safeway to boost the price, consumers will howl.

In the meantime, there's a better than even chance of another price increase on market milk.

• **Other States Will Be Involved**—California isn't the only place where the new concentrates have upset established milk pricing patterns. In Massachusetts

HOW TO TAKE THE "STRETCH" OUT OF AN INCH

Inches stretch when weather gets hot — but not in this shop for building and repairing high-precision tools and gauges. Because this shop guards its tolerances—as fine as 1/30,000 of an inch—with Frigidaire Air Conditioning.

Thanks to Frigidaire, temperature is constant all year 'round. Equally important, the air is clear of harmful dust and rust-producing moisture. And working in a cool, comfortable climate, workers produce more—with greater accuracy.

Whatever your own plant's air conditioning needs, you can meet them quickly and inexpensively with Frigidaire equipment. Small workrooms and offices can be air conditioned with Frigidaire Room Conditioners. For larger areas, Frigidaire Self-Contained Air Conditioners can be quickly installed with no interruption of business. They require little or no duct work and no major alterations. Frigidaire Central Systems are also available for a wide range of applications.

For details, call your nearby Frigidaire Dealer, Distributor or Factory Branch — and ask, too, for Frigidaire's free Refrigeration Security Analysis. Look in the Yellow Pages of your phone book. Or write to the Frigidaire Division of General Motors, Dayton 1, Ohio. In Canada, Leaside (Toronto 17), Ontario.



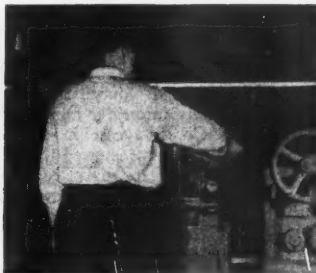
FRIGIDAIRE

**Over 400 Refrigeration and Air Conditioning Products for Offices
Laboratories • Processing • Precision Assembly • Storage
Plant Lunchrooms • Medical Departments • Water and Liquid Cooling**

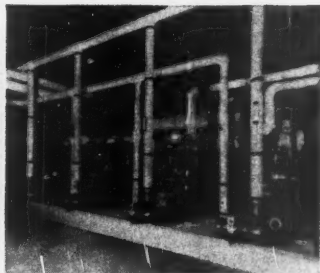
Frigidaire reserves the right to change specifications, or discontinue models, without notice



Grinding wheel plant uses Frigidaire Air Conditioning in the section where abrasives are mixed with a bonding agent. This keeps the bonding agent from getting too warm. Maintaining just-right temperature insures uniform hardening and high-quality product.



In making bearings, the rooms where powdered metal is coated on metal strips are air conditioned by Frigidaire central system equipment. This equipment prevents humidity from caking the metal powder—insures uniform coating of powdered metal at all times.



Large office building is air conditioned by Frigidaire Central System. Unique installation employs 8 compressors instead of one large one. This means operating savings, since compressors only run as needed. And it eliminates the danger of total shutdown for servicing.

ELWELL-PARKER

Trucks

*Save 80
Man Hours Daily!*



*Carrying loaded charging bucket,
weighing 9620 lbs., to cupola.*

When 2 Elwell-Parkers replaced hand trucks at a prominent southern foundry, they released 10 laborers for other duties. Operations previously hazardous are now done with ease and safety. After 18 months' steady service, carrying 450,000 lbs. per shift, the Elwell-Parker trucks have required only minor repairs.

E-P trucks are saving in 300 industries. Most of those sold in the last 45 years are *still on the job*. 87 models, both battery and gas powered.

FREE BULLETIN

on Scientific Materials Handling. Ask for "Industrial Logistics" and name your product. The Elwell-Parker Electric Company, 4007 St. Clair Avenue, Cleveland 3, Ohio.



ELWELL-PARKER

Power Industrial Trucks
Since 1906

and several other states, the introduction of concentrates has thrown the dairy industry into a tizzy. Judging from the California incident, it looks

as though the industry can expect a lot more trouble until concentrates settle down as a permanent part of the milk marketing structure.

THE MARKETING PATTERN

Fair Trade's Legacy: I

A LOT OF manufacturers and retailers are sore as hops at the Supreme Court for pulling the fair trade rug out from under them (BW-May26'51,p25). Without the so-called nonsigner clause, they argue, retail price maintenance is just about worthless. Their only hope now is that Congress will put some nonsigning teeth into a new Miller-Tydings law. For some groups, Miller-Tydings seems to have been genuine retail price-fixing insurance.

But underneath the surface there were still a lot of strains, stresses, and fractures.

The court ripped off the lid. In so doing, it exposed some basic marketing problems that had been there all the while but that fair trade had partially obscured.

IN THIS COUNTRY you have to face the fact that retail price maintenance is largely the retailer's baby.

This is contrary to the experience of European countries, where retail price maintenance came largely through the manufacturing route. It was the final step towards cartelization—the elimination of price competition between cartels. In Britain, for example, it is quite legal for associations to enforce price maintenance collectively.

In the U.S., the antitrust laws after the 1890's stopped this trend dead in its tracks. Then, in the depression, the retailers picked up the ball and carried it behind the legal interference provided by the state fair trade laws.

This didn't, of course, rule out manufacturers' interest in fair trade. Simmons Co. is a case in point. Last week Simmons showed that it had the power to make Macy's write its first fair trade contract.

Nevertheless, it has been due to the U.S. retailer that U.S. fair trade laws were kept alive and kicking. His pressure has forced more than one reluctant manufacturer to jump through the fair trade hoop.

DESPITE THE FACT that a lot of discount houses and

other price cutters flourished, fair trade did work pretty well in some lines. Drugs are perhaps the shining example.

But in other fields—particularly appliances—you had something else again. Best proof of this was the recent and much-publicized court battle between Macy's and General Electric Co. The decision went to GE. But the significant thing to the trade was the amount of price-cutting on GE appliances disclosed at the trial.

Take a look at the book field, too. Here you can find a good example of the legal devices than can be used to circumvent fair trade. It's true that booksellers observed fair trade generally. But what about the book clubs? A lot of people in publishing will argue that book dividends are nothing more or less than another form of price cutting.

MANUFACTURERS have not always been willing to accept the implications contained in these facts.

In many cases their trouble has been a desire to have their cake and eat it, too. They liked the theoretical advantage that fair trade gave them—of having at one and the same time the advantages of mass-distribution and of the price protection afforded by franchising, agencies and other forms of selective distribution.

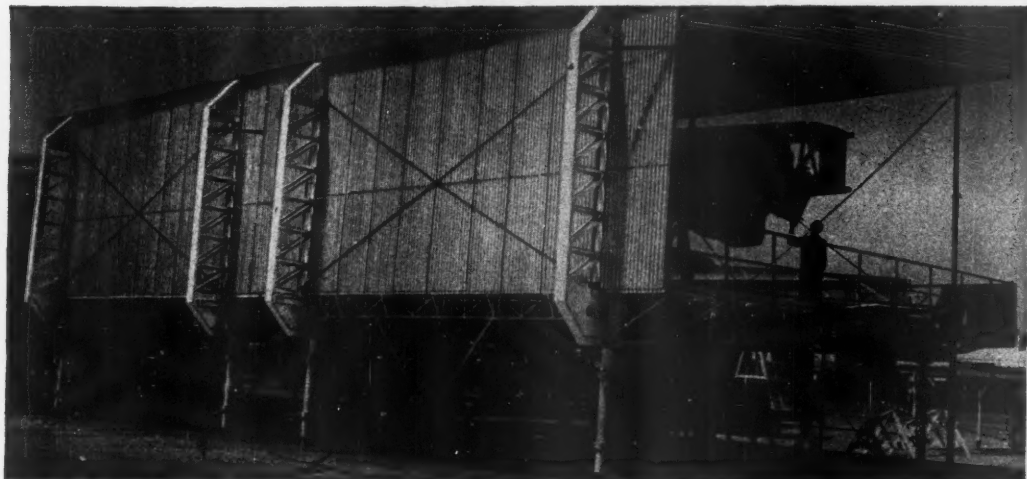
Many manufacturers were lulled by the fair trade laws into forgetting their marketing responsibilities. This was easy to do. The seller's market of World War II—and later—made fair trade almost an academic issue.

Then came the sales slump of 1949. Dealers began hammering at the doors of the appliance makers: Either enforce fair trade, or forget the whole thing.

Under these circumstances some companies were willing to face the basic issue squarely. That basic issue was the question of how to distribute your goods in the first place. On a come-one-come-all basis? Or through highly selective dealerships? This issue will be discussed in forthcoming marketing patterns.

Maintenance Dock

for the world's biggest warplane



No Maintenance

for its roofing and siding

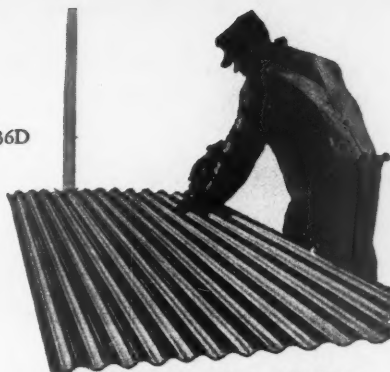
When Consolidated Vultee engineers designed a maintenance dock for the B-36D jet-augmented bomber, they naturally turned to the "aircraft metal" for the closed side and roof—rustproof, corrosion-resistant aluminum.

Reynolds *Lifetime* Aluminum Industrial Corrugated has ample strength for industrial use (see specifications). Yet it weighs only 56 lbs. per square. That's important in this structure that moves up and down on hydraulic jacks; it's important for framing economies in *any* structure. And aluminum's radiant heat reflectivity is another advantage—important under the California sun of this Lindbergh Field, San Diego, installation—important in *any* plant, to keep interiors cooler in summer and warmer in winter.

Call on us for literature, for technical assistance, application details...

• Offices in principal cities. Check your classified phone book for our listing under "Building Products," or write:
Reynolds Metals Company, Building Products Division,
2005 South Ninth St., Louisville 1, Ky.

Aluminum is required for planes and other military needs. Reynolds *Lifetime* Aluminum Industrial Corrugated is still produced, but the total supply is necessarily reduced. DO-rated orders receive priority handling.



Specifications for Reynolds *Lifetime* Aluminum Industrial Corrugated:

Thickness .032"
Corrugations 7/8" deep, 2-2/3" crown to crown
Uniform load support (roof) 80 p.s.f. on 4' purlin spacing
Uniform wind load capacity (siding) 20 p.s.f. on girt spacings up to 7'9"
Roofing width 35", coverage 32"
Siding width 33-3/4", coverage 32"
Lengths 5', 6', 7', 8', 9', 10', 11', 12'



REYNOLDS *Lifetime* ALUMINUM INDUSTRIAL CORRUGATED



ScotTissue Towels are evidence of progressive, considerate management. Softer, more absorbent, they have a definite quality "feel" about them. They stay tough when wet, too, which means one towel dries both hands.

Washrooms rank as one of the four most important factors in good working conditions—according to a survey of workers from 400 plants. Specify ScotTissue Towels and you'll be doing your organization a real favor.

For suggestions on how to plan the *right* kind of washrooms, call on the Scott Washroom Advisory Service, Chester, Pennsylvania.

Trade Marks "ScotTissue," "Washroom Advisory Service," Reg. U. S. Pat. Off.

SCOTTISSUE TOWELS
Symbol of the right kind of washroom

MARKETING BRIEFS

Gripes about TV industry have been voiced by the National Television Dealers' Assn. before FTC. Dealers claim that, of 12-million sets now in use, 4-million at least were defective when received by dealers. Other gripes concern tie-in sales, too-frequent model changes by makers, unfounded advertising claims.

Slow carpet sales are still affecting the industry. Mohawk Carpet Mills has finally followed the lead set by the rest of the industry and knocked 5% off its prices, despite earlier announcements that it wouldn't cut. Alexander Smith is shutting down its Yonkers (N. Y.) plant for a two-week vacation.

A new unfair sales act for cigarettes has been requested of Gov. Alfred E. Driscoll by the Retail Council of New Jersey. The state supreme court invalidated the old one (BW—Jun. 23 '51, p. 28). Lack of a law "will lead to chaos in the marketing of cigarettes," says the council.

Fair trade notes: Two pro-fair-trade groups—American Fair Trade Council and National Assn. of Retail Druggists—are readying suggested legislation to replace the Miller-Tydings act. . . . Bureau of Education on Fair Trade is planning a nationwide public relations campaign on behalf of a new law. . . . National Retail Dry Goods Assn. is sending out a questionnaire to more than 7,000 members to get their views on fair trade.

Custom-designed ties, painted in oil, are being offered by Browning King in New York. Example: Arthur Godfrey's tie has tea bag. Called "Revelation" ("because they reveal the most interesting thing about you"), the ties cost \$7.50.

A big training program will go on the road soon for Chrysler. Three teams will tour the country to instruct dealers' parts personnel on the latest in merchandising, buying, stocking. MoPar Parts Methods & Management Conferences will last more than a year.

American Tobacco Co. must stop advertising that Luckies are less irritating to the throat than other cigarettes. Federal Trade Commission's cease and desist order found that there's no "significant difference" in the amount of nicotine, acid, and other irritants contained in leading brands of cigarettes. American, which won on claims that it pays more for tobacco, may appeal.

have construction problems got you spinning ?



Executives are under terrific pressure these days to get new production facilities into operation in the shortest possible time. That's why many of them turn to Ebasco for help.

In Ebasco they get experienced engineers, constructors and business consultants to handle any part or all of their construction programs. Ebasco has successfully planned, designed and built more than one billion dollars worth of new plant facilities throughout the United States and many foreign countries. And when appraisal, financing, industrial relations or other problems have come up—Ebasco has provided the specialists to solve them.

Nearly 50 years of experience enables Ebasco to approach your problem with qualified judgment and specialized knowledge that get the job done quickly, efficiently and economically. By concentrating Ebasco talent and experience on your construction and business problems, you save the valuable time of your top executives—get your construction job done without interfering with present operations.

We will be glad to send you "The Inside Story of Outside Help" describing the many Ebasco services available to you. Address: Ebasco Services Inc., Dept. C, Two Rector Street, New York 6, N. Y.



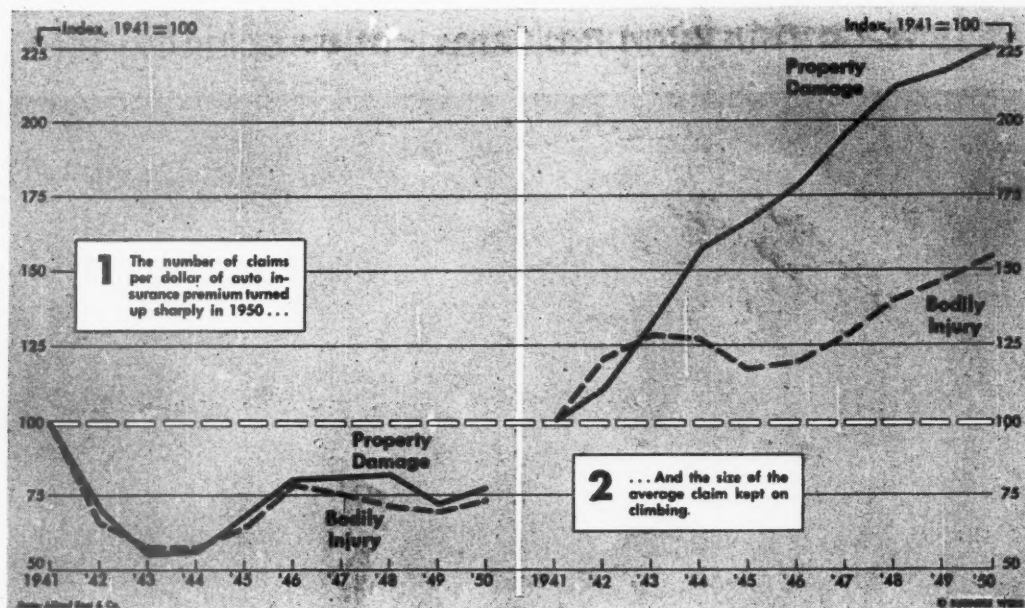
Appraisal
Budget
Business Studies
Consulting Engineering
Design & Construction
Financial
Industrial Relations
Inspection & Expediting
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EBASCO TEAMWORK GETS THINGS DONE ANYWHERE IN THE WORLD

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INCORPORATED

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FINANCE



Auto Liability Rates Take Uphill Road

Increasing claims and costs are forcing another premium hike—just when underwriters thought they had closed the gap.

You're going to have to pay more for your automobile insurance from now on—in some states, a lot more. The property insurance companies are going into the red on their auto insurance lines again.

The basic trouble is inflation. But there is another important reason: In the last year or so people have been having more accidents.

• Liability Up—Last week the Ohio insurance department O.K.'d a boost in auto liability rates, effective July 16. That's the insurance that protects you against damages your car may cause to other persons or their property. Ohio officials didn't say how much the rate increase was, but it's reported to be 23% for property damage and 24% for bodily injury. It would probably cost Ohio drivers another \$100-million a year in premiums.

Just a few weeks back (BW—Jun. 9 '51, p129), the New York insurance department approved a premium raise of 20% for bodily injury coverage, 10% for property damage. The department said that "staggering underwriting losses" proved that existing rate levels were too low. In the last few weeks,

rate rises have been approved in 26 states and the District of Columbia. The other states are expected to follow.

• Emergency Measure—These rate rises are being made on an emergency basis. Ordinarily, the National Bureau of Casualty Underwriters uses statistics that are at least a couple of years old to work out rates for each of the territories into which states are divided for rating purposes. This year's rates would be based on experience for 1948 and 1949, since detailed experience for 1950 isn't yet available.

But, realizing how bad the loss experience has been since 1949, the National Bureau and the Mutual Insurance Rating Bureau have used 1950 and first-quarter 1951 experience in setting the new rates. That way, rates won't lag so far behind. Because this experience is only available on a state-wide basis, the new rates are being set that way. If you live in a rural area where accidents are few, you'll have to pay the same percentage rate boost as someone in an urban area. But this will be adjusted later on.

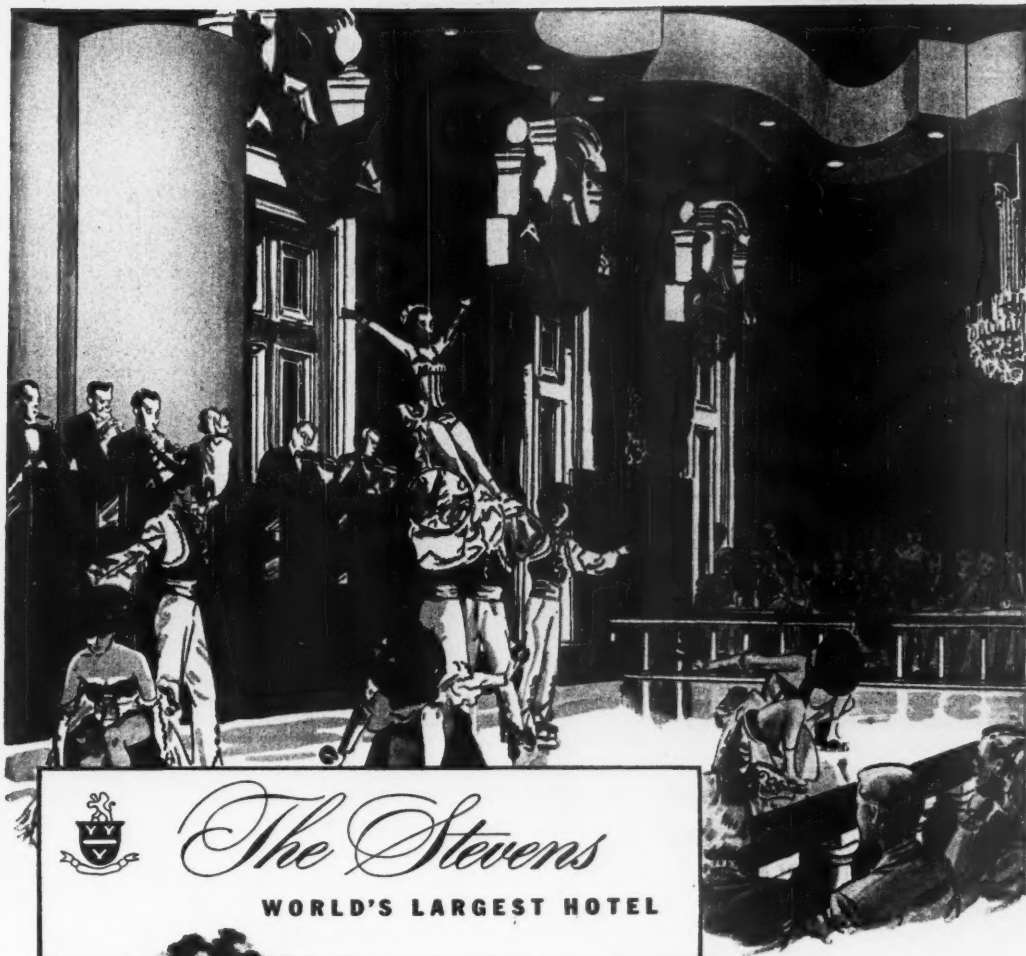
• Another Round—The new uptrend in auto insurance losses came just when

the companies were congratulating themselves that they had at last turned the corner on the postwar rise (BW—Mar. 11 '50, p113). In many states, rates seemed to have caught up with losses. Ever since the war the companies had put in round after round of rate boosts, trying to overtake the rising costs of making repairs to automobiles and people.

Now it looked as if they were finally going to start making up for the unfavorable underwriting experience they'd had in prior years.

It wasn't that repair costs had leveled off. They were still rising, though more slowly (righthand chart, above). What had kept losses down was the fact that people were driving more carefully. In proportion to the number of cars on the road, accidents had dropped off noticeably. That compensated for the rise in the average claim; it allowed insurance companies to hold the line on rates.

• Keeping Tabs—The insurance industry keeps a "claim-frequency index" (lefthand chart, above) with 1941, the last prewar year, pegged at 100. It's compiled by relating claims to insurance in force and is adjusted for the differing rates in different areas. In 1949 claims on bodily injury and property damage were 69.5% and 73.5%,



The Stevens

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In Los Angeles . . . THE TOWN HOUSE
In St. Louis, Mo. . . THE JEFFERSON
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In Albuquerque, New Mexico . . . THE HILTON HOTEL
In San Juan, Puerto Rico . . . THE CARIBE HILTON
In San Bernardino, Calif. . . ARROWHEAD SPRINGS

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COME TO CHICAGO! The famous Ice Show in the fabulous Boulevard Room is perfect summer entertainment. When you stay at The Stevens, Grant Park and cool Lake Michigan are at your doorstep and all the wonderful things to see and do in Chicago are conveniently near. Plan now to visit Chicago and The Stevens.



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EXECUTIVE OFFICE • THE STEVENS • CHICAGO 5, ILLINOIS

This announcement is not to be construed as an offer to sell or as an offer to buy the securities herein mentioned. The offering is made only by the Prospectus.

NEW ISSUES

CHAS. PFIZER & CO., INC.

150,000 Shares 4% Cumulative Second Preferred Stock, \$100 Par Value
(Convertible into Common Stock until June 30, 1956)

Price \$101.50 per Share

444,015 Shares Common Stock, \$1 Par Value

Transferable Subscription Warrants evidencing rights to subscribe for these shares of Common Stock have been issued by the Company to holders of its Common Stock. Such Warrants expire at 3 P.M., Eastern Daylight Saving Time, on July 10, 1951, as more fully set forth in the Prospectus.

Subscription Price to Warrant Holders
\$33 per Share

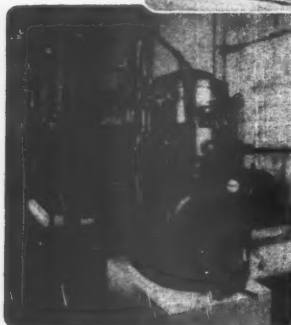
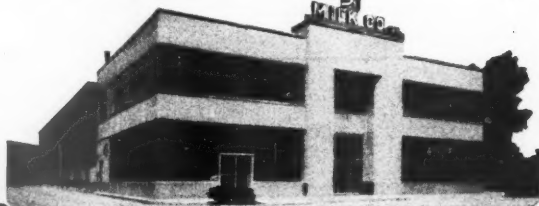
Copies of the Prospectus may be obtained from the undersigned only in states in which the undersigned is qualified to act as a dealer in securities and in which the Prospectus may legally be distributed.

F. EBERSTADT & CO. INC.

June 27, 1951

FRICK Refrigeration

SERVES THIS FINE NEW
DAIRY PLANT



Frick Ammonia Compressors at
Crowley's Milk Company

Crowley's Milk Company sells a dozen dairy products from its super-modern plant in Newburgh, New York. Here dependable Frick Refrigeration (including compressor, condenser, ice reserve unit, valves, controls, etc.) carries the entire cooling load. When lightning struck last summer, burning out electric starters, the Frick ice reserve unit saved every pound of product.

Put YOUR cooling problems—whether for air conditioning, ice-making, quick-freezing or other refrigeration work—up to Frick engineers. Get facts and figures now.

REFRIGERATION SINCE 1892
FRICK CO.
PITTSBURGH, PENNA. U.S.A.

respectively, compared to 78.4% and 78.7% in 1946.

Another way statisticians keep tabs on auto insurance losses is to watch the annual death rate in relation to the total annual mileage driven by U.S. cars. In 1946 the death rate was 9.51 per 100-million miles. It dropped steadily to 7.41 in 1949.

• **False Alarm**—At this point the insurance companies figured that the drop in claims had at last closed the gap between rising costs and liability rates. Then the figures started running against them. By the last few months of 1950, the spurt of inflation that followed Korea had driven costs of every kind way up. Higher prices for cars and for parts increased the size of property damage claims.

The average bodily injury claim also rose in 1950. Curiously enough, the cost of repairing the human body hasn't risen so fast in the last 10 years as the cost of repairing property. In 1950 the average property damage claim was up 125% over the 1941 average, while the average bodily injury claim (including both medical expenses and payment for loss of earnings) had gone up 55%.

That's because property damage claims are paid much quicker than personal injury claims. It doesn't take long to figure how much it's going to cost to repair the fender of your car. But it may take doctors several years to decide how much an injury to your internal organs will cost.

• **More Claims**—Even before Korea started another round of inflation, the number of claims in relation to insurance in force had begun rising. The claim-frequency index started up again. So did the death rate, which in 1950 climbed to 7.78 per 100-million miles.

Insurance men have no ready explanation. They point to estimates that U.S. cars drove 450-billion miles in 1950, compared to 425-billion in 1949, a 6% gain. But the number of cars registered in 1950 was up even more. There were 484-million U.S. cars operating in 1950, up 9% from the 44.7-million in 1949. So the average car drove fewer miles in 1950 than in 1949.

However, insurance men can point out other basic reasons for the changing trend of accidents. U.S. highways are not being improved fast enough to handle with safety the steadily increasing number of cars being driven on them (BW—Sep. 16 '50, p90). And the insurance people complain that Detroit is turning out cars that emphasize speed and power rather than safety.

Just the same, there is nothing you can pin down to explain why the accident trend should have turned upward in 1950, rather than, say, 1949.

• **Physical Damage**—Auto liability isn't the only kind of automobile insurance that is slated for rate adjustment. There



This is Orley Moles

"Jiminy Crickets!" Orley exclaimed, the day he watched the dedication of Armco's latest battery of big 250-ton steelmaking furnaces.

What astonished him was the fact that they were actually bringing the raw materials up to the furnaces on elevators. This was a new way to increase steel production.

When Orley started making steel at Armco in 1900 the company had one little 25-ton furnace. Today with an investment of hundreds of millions of dollars, Armco is producing steel at the rate of more than four million tons a year. By the end of next year Armco will have a capacity of five million tons.

As one of the world's largest producers of special-purpose steels, Armco's first responsibility is to meet the defense needs of the nation. But we will continue to do our best to provide special steels for manufacturers of industrial and consumer products too.

Armco's management, its 30,000 employees and 45,000 stockholders are working to meet the challenge. Together they cannot fail. Ask Orley Moles.

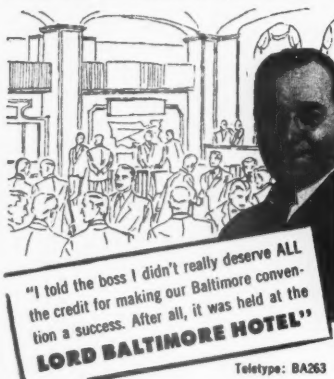
MORE SCRAP FOR MORE STEEL

More steel scrap is needed for top steel production. The new furnaces industry is building cannot be operated at capacity with the present scrap supply. To help the nation—and yourself—sell your steel scrap now!

ARMCO STEEL CORPORATION

MIDDLETOWN, OHIO, WITH PLANTS AND SALES OFFICES FROM COAST TO COAST
THE ARMCO INTERNATIONAL CORPORATION, WORLD-WIDE





FOR SALE TRUCK AND TRAILER TANK BUSINESS

Will sell as going concern. Have backlog of approx. \$1 million in orders. Material on hand for substantial proportion of orders. Sale will include some equipment, but not factory space. Excellent opportunity for concern seeking additional manufacturing line. Information will be furnished only to principals.

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is also physical damage insurance, the kind that protects you against damages to your own car.

The insurance companies haven't had so much trouble with physical damage insurance. They haven't made any rate boosts since Korea. But the trend is the same as with liability insurance. And the National Auto Underwriters Assn., which sets rates for a lot of companies in this field, says it is working now on a general rate rise.

Ancient Railroad Charter Still Saves Taxes

For 77 years, the state of Georgia has been trying to collect back property taxes from Georgia Railroad & Banking Co. The state legislature rashly gave the company a generous tax exemption back in 1833. Now the state supreme court has blocked another attempt to collect the taxes.

• **Charter Change**—The ancient case developed out of a charter the state legislature granted Georgia Railroad Co. back in the days when railroads were just getting started in this country. Anxious to stimulate railroad building, the legislature exempted the company from all property taxes, except an amount equal to one half of 1% of its net income. A few years later, this charter was changed to allow the railroad to go into the banking business, too.

In 1874 the state started trying to collect full taxes. It claimed that: (1) the change in the company's charter voided its tax exemption; (2) the legislature had no right to make the exemption in the first place. The case has been dragging in and out of the courts ever since. Meanwhile, the railroad has been leased to other carriers. The company is still in the banking business, through a subsidiary.

• **Overruled**—Last March the state seemed to have reached its goal. A lower state court ruled that Georgia Railroad & Banking would have to pay up about \$1.5-million in back taxes. But the highest state court has just decided that the lower court had no jurisdiction. It didn't rule on the merits of the case itself, though, so state officials are still hoping.

Investors Cooler To Government Bonds

Government bonds have dropped a bit in popularity as investments during the last few years. Stocks and real estate have improved. That's the conclusion of two separate surveys, one made in May of this year after governments had sunk under par (BW—Jun.

23'51.p137) and one conducted back in January and February.

The latest poll was made by the Psychological Corp. of New York. For several years, this outfit has been asking people: What is the safest way to invest your savings?

In 1948, 65% of the people who were asked said that government bonds were safest. Last year the answer was about the same: 65.8%. But this May the percentage dropped to 59.8%. Meanwhile, the percentage of those favoring stocks as the safest investment had climbed from 1.3% in 1948 to 4.8% in 1951. About 9% considered real estate safest in 1948; a little over 10% do today.

The Federal Reserve Board turned up similar findings in its big survey of consumer finances (BW—Jun.23'51, p10). It found that about seven out of every 10 families prefer a combination of bonds and bank deposits. That's a drop from early 1949, when eight out of 10 families felt this way. This year real estate and common stocks were considered the best form of investment by two in every 10 families. In 1949 only one in 10 families had this opinion.

• **Not a Hedge**—The FRB survey indicates that most people who made a shift were looking for higher earnings, not for a hedge against inflation. And it shows that most of the shifting from bonds and bank deposits to stocks and real estate is being done by the higher income groups, who are supposedly more investmentwise.

FINANCE BRIEFS

• **Textile sell-lease deal**: Textron, Inc.'s subsidiary Textron Southern has sold a textile mill at Charlotte, N. C., to Vanderbilt University for \$2.7-million—and is leasing it back for 11 years with an option to renew.

• **Texas Gas Transmission** plans to sell \$10-million worth of preferred stock to the public. The money will be used to build a new pipeline—if the Federal Power Commission O.K.'s the project. Otherwise, Texas Gas will pay off bank loans.

• **Man bites dog!** Virginia is expected to cut next year's state income tax by 15%. Revenues of the state's general fund are getting close to the \$103-million mark; when they reach it, the cut becomes mandatory.

• **New Jersey** can seize unclaimed dividends and stock of companies in the state, if the owner can't be located after 14 years. The U.S. Supreme Court upheld the state's 1946 escheat law.

Wall Street's Cheapest Commodity: Underwriting Fees

Offerings		Offering		Gross	
in millions		Underwriting	Fees	Amounts	
				Per \$100,000	Margin
AAA RATED BONDS					
Jan.	125.0	Consolidated G.E.L. & P., 2 1/2%, 1986	\$1,001.40	\$1,006.70	55.30 52.50
Apr.	35.0	Duke Power 3 1/2%, 1981	1,013.50	1,019.30	5.80 1.25
May	50.0	Consolidated Natural Gas 3 1/2%, 1976	1,008.72	1,015.00	6.28 1.25
Jun.	25.0	Cleveland Electric Illum. 3 1/2%, 1986	1,016.40	1,023.90	7.50 2.50
AA RATED BONDS					
Jan.	40.0	Commonwealth Edison 2 1/2%, 2001	1,003.90	1,013.35	9.45 2.50
Feb.	5.7	United N.J. Ry. & Canal 2 1/2%, 1976	984.06	991.05	6.99 3.75
Feb.	35.0	Southern Cal. Edison 2 1/2%, 1976	1,008.20	1,012.40	4.20 1.25
Feb.	60.0	Consolidated Edison 3 1/2%, 1981	1,014.60	1,019.94	5.34 1.25
Mar.	50.0	Borden Co. 2 1/2%, 1981	990.00	1,000.00	10.00 3.75
Mar.	40.0	Consumers Power 3 1/2%, 1981	1,008.05	1,014.48	6.43 1.25
May	40.0	Consolidated Edison 3 1/2%, 1981	1,022.70	1,029.15	6.45 2.50
Jun.	11.5	Texas Electric Service 3 1/2%, 1981	1,002.20	1,008.50	6.30 1.25
A RATED BONDS					
Jan.	17.5	Southern Natural Gas 2 1/2%, 1970	1,001.90	1,006.83	4.93 1.25
Feb.	15.0	Carolina Power & Light 2 1/2%, 1981	1,006.73	1,011.25	4.52 2.50
Feb.	12.7	Connecticut Ry. 3 1/2%, 1976	984.40	995.69	11.29 5.00
Mar.	15.0	P. Lorillard Co. 3 1/2%, 1976	978.75	991.20	12.45 5.00
Apr.	10.0	Monongahela Power 3 1/2%, 1981	1,010.85	1,016.25	5.40 1.25
May	30.0	National Dairy Products 3 1/2%, 1976	987.50	997.50	10.00 5.00
Jun.	20.0	Georgia Power 3 1/2%, 1981	1,011.17	1,018.71	7.54 3.75
Jun.	6.0	California-Oregon Power 3 1/2%, 1981	1,013.10	1,023.30	10.20 3.75
Jun.	25.0	Peoples G. L. & Coke 3 1/2%, 1981	1,001.39	1,008.25	6.86 2.50
Jun.	17.0	Appalachian Power 3 1/2%, 1981	1,013.70	1,022.50	8.80 2.50
BBB RATED BONDS					
Feb.	35.0	Tennessee Gas Transmission 3 1/2%, 1981	1,012.29	1,017.50	5.21 2.50
Jun.	2.7	North River Coal 3 1/2%, 1981	1,002.00	1,021.00	19.00 15.00

Bonds Move—at a Price

Higher interest rates bring buyers for new issues. Borrowers may soon pay even more, since underwriters' margins are still narrow, may rise any time.

Wall Street's underwriters were perking up as July began, after many gloomy months. The near-term outlook pleased them.

The customers swarmed to buy all their most important offerings in the last week of June. And the out-the-window sales came despite the disheartening performance of the stock market (page 135).

The underwriters had come up with new issues that commanded impressive premiums above their original offering prices, after the syndicates had disbanded and the issues had been permitted to find their own level. It was virtually the first time this had happened since the pegs were pulled from the government market.

• **High Interest**—The primary cause of this turn for the better was more realistic bidding by the underwriting trade. Thanks to this, potential buyers were being lured with the highest


interest returns available for comparable new issues since the late 1930's.

For example, the winning bid on \$25-million 30-year Cleveland Electric Illuminating bonds was 101.6399% of par for 3 1/2's. That's a net interest cost to Cleveland Electric of 3.295%. In April Duke Power was able to sell \$35-million of similarly rated bonds at an interest cost of only 3.15%. And Wall Streeters say the CEI borrowing cost was the highest recorded for such a prime credit risk since January, 1937.

An equally tough bid last week won a \$17-million Appalachian Power bond issue. Borrowing cost on this issue—which is somewhat lower rated than the CEI bonds—worked out to around 3.67%. No comparable offering has proved so expensive to the borrower since mid-1939.


Montana-Dakota Utilities last week accepted a bid of 100.24% of par on a \$3-million serial bond issue at 4 1/2 in-

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 AIR CONDITIONING UNITS

In air conditioning, silence is golden! Yes, the smooth, quiet power of Typhoon units—like the purr of a fine automobile—tells you there is great engineering... performance you can bet your business life on year after year. What's more, Typhoon's rugged engineering means real economy in operation. It's up-keep. It's air conditioning at the lowest dollar cost per ton capacity.



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 100 Broadway, New York 5, N.Y.



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FOR FULLERGRIP BRUSHES

**Now on Pratt & Whitney Vertical Die
and Surface Grinders**

On the new P & W Vertical Die and Surface Grinder a circular strip of Fullergrit brush is mounted on the guard surrounding the grinding wheel to protect the operator from spray and to concentrate coolant on the work. Fullergrit was selected because the brush material—in this case abrasion-re-

sisting nylon—is densely packed, and anchored in a rust-resistant metal channel. Fullergrit can be formed into innumerable shapes and attached to stationary or power-driven mountings. For ideas on how Fullergrit can help you, send for our booklet, "Fullergrit Power Brushes". Write to...

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At home...
in business, too



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NEW ISSUE

\$11,000,000

Brown Shoe Company, Inc.

3½% Sinking Fund Debentures due July 1, 1971

Price 100%

(plus accrued interest from July 1, 1951)

A copy of the Prospectus may be obtained within any State from such of the Underwriters as may regularly distribute the Prospectus within such State.

Goldman, Sachs & Co.

Smith, Barney & Co.

June 27, 1951.

terest. Early in May the same company had been able to sell another \$3-million offering that bore only 3½%.

• **Low Margins**—The underwriters were being much less tough in setting their own margins. They showed a continuing willingness to work at a low profit.

The uncertainties of the new market has been costing underwriters dearly of late. Yet the group that won the CEI issue was still willing to operate on a gross profit of only \$7.50 per \$1,000. In the Appalachian deal the spread was only \$8.80.

Outsiders—and many in the business, too—find it hard to understand this Steve Brodie complex, particularly in the light of the market situation before and after the Federal Reserve stopped supporting the government market and permitted money rates generally to rise to their own levels. Losses to underwriters may have run as high as \$2-million, according to some Wall Street estimates.

That guess may not be so wild. From the start of the year till last week there had been 17 major bond underwritings, involving some \$465-million. Only nine of these, totaling some \$230-million, can be called successful.

• **Low Sales**—As for the lemons, those in the know figure that not over 50% of any of them was sold before the syndicates dissolved. In many instances, the percentage was smaller.

Obviously, all these bonds showed at least temporary drops below original offering prices once they were allowed to find their own level. In some cases they were drastic.

Things would have been bad for the underwriters even if the compensation they had worked out had been several times larger than it was. The average break in the issues involved, once they were set adrift, worked out to about 14 points, or \$12.50 on a \$1,000 bond. That compares with underwriters' margins that range from around 2½¢ to \$7.54.

• **Dealers**—The flops have had another repercussion. Wall Street itself never handles the entire distribution of an issue it underwrites. It depends on many dealers, large and small, throughout the nation to do the job right. These dealers have taken some heavy losses on the lemons, accepting bonds from the syndicates on concessions, or commissions, of only \$1.25 to \$3.75.

The situation developing in the bond market is more than a Wall Street worry; it could affect businessmen, too. Right now underwriters and selling group members are taking new issue risks on what amounts to a mere brokerage fee. If they wake up to the fact that they're working for less than a living wage, it will mean a substantial boost in what it costs business to raise new money.

**One way
to lick shortages
of both men
and machines**

● If yours is like many companies, you need to buy new machine tools and hire new men—both scarce—to meet today's huge production demands.

The new Warner & Swasey automatics are designed to help you solve both of these problems.

These automatics—either single or 5-spindle machines—are ideally suited for certain types of work, even in small or medium lot runs. In your plant, one or two automatics very possibly can take the place of as many as five hand-operated machines. Savings in investment and floor space are obvious.

And one man can generally operate two or more automatics. This fact, coupled with the greater capacity of each automatic—from two to five times that of a hand-operated machine—can step up his productivity tremendously.

So when you need new machine tools, don't simply reorder on the basis of previous experience. Talk it over with your Warner & Swasey Field Engineer. He may again recommend turret lathes, but perhaps he'll show you how you can do your particular job better and more profitably with automatics.



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&
SWASEY**

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a problem any business week...

HOW CAN I BUILD MORE GOODWILL FOR MY BUSINESS?

ANSWER:

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Give this beautiful new leather (morocco) covered lighter and you make a friend for life. Imprints easily.



Our newest chrome pocket lighter has the pull-out case for easier, cleaner refueling. A good gift anytime.

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FIRE gives no warning of attack. It is a real and constant threat. Statistics show that most **FIRE**s occur when help is away. Defeat **FIRE**. Let us show you how **GLOBE** Automatic Sprinklers discover and stop **FIRE**. And save money...too.

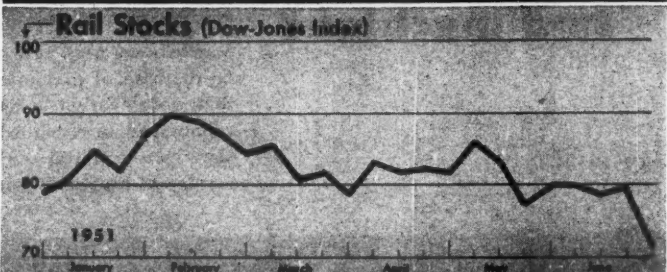
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THEY PAY FOR THEMSELVES

THE MARKETS



INDUSTRIALS have gone through their March low, while...



RAILS have reached a new low for all of 1951

Traders Split on Peace Effects

Bulls think Korean cease-fire would bolster the market after initial uncertainties. But bears take a gloomier view, as evidenced by persistent slipping of industrial stocks.

What would an end to the shooting in Korea do to the stock market?

That's what investors and traders were trying to figure out this week. They seemed to be of two minds.

• **Opposing Views**—Some thought that a cease-fire, though probably unsettling initially, would be basically favorable marketwise. For one thing, it would tend to slow up the tempo of the defense effort. That would string it—and the plant expansion boom—out over a longer period, with less risk of later instability. It would also soften the pressure for higher taxes and more severe controls. And it might conceivably result in some lightening of the controls that now apply to purchases of autos and appliances, home building, and the like. Most important of all, it would remove one catalyst capable of touching off World War III.

On the other side, an equally large stock market group sees dark undertones in the picture. These people think that a Korean cease-fire agreement

will start a further slide in commodity prices, particularly in international commodities; that a return of "peace" will accentuate the recent reluctance of consumers to buy, thus intensifying inventory troubles so many businessmen have been experiencing lately.

This group also fears that a letup in the tempo of armament might have some unhappy effects. They believe that we have so increased the nation's productive capacity that it will now take a very "hot" war to create any shortages in civilian goods.

• **Stocks Slide Down**—Which group will get the upper hand in the market won't be known for some days. On balance, however, the bears seem to have been the more potent market influence since peace rumors started to circulate. Industrial stocks have slipped off persistently since they reached a new bull market high last May. In fact, they have given up almost all the gains scored earlier in 1951. Even worse has been the showing of the companion

Dow-Jones railroad stock index. It's now back at its December, 1950, level (chart, page 134).

Most of Wall Street's sounder market advisers are treading softly. Even those basically bullish are suggesting no

random purchases at the moment. Their favorite "buys" are shares in growth companies, which benefit from either war or peace; such industries, for example, as drugs, rayon, chemicals, oils, and the like.

How Korean Market Profits Have Shrunk

	Pre-Korean Level	Subsequent High	Range Low	Recent Price	"Korean Market" Gains	
					Maximum	Now
Industrial Commons						
Dow-Jones Average.....	224.35	263.13	197.46	243.98	17.3%	8.8%
Air Reduction.....	\$23.25	\$31.50	\$20.50	\$26.25	30.5	13.9
Allied Stores.....	38.00	48.50	32.75	40.37	57.6	6.3
American Locomotive.....	14.50	24.25	13.25	17.00	67.2	17.3
American Smelting & Refining.....	54.50	80.37	50.00	72.75	47.5	33.6
American Woolen.....	26.00	46.87	24.75	30.37	80.3	16.4
Anaconda Copper.....	32.12	44.75	29.00	37.50	39.3	16.8
Bethlehem Steel.....	38.00	60.00	34.25	46.25	57.9	23.7
Bristol-Myers.....	25.00	35.37	23.37	32.12	41.5	28.6
Celanese Corp.....	37.00	56.75	31.00	49.50	83.4	33.8
Chrysler Corp.....	80.00	84.50	62.50	65.25	8.6	-18.4
E. I. du Pont de Nemours.....	80.00	102.50	65.50	92.00	58.1	19.0
General Electric.....	49.12	56.62	41.25	52.75	18.3	7.4
General Motors.....	48.62	54.75	38.06	46.12	18.6	-8.1
Gimbel Bros.....	18.00	24.87	14.75	17.00	38.3	-6.5
B. F. Goodrich.....	32.92	58.50	27.66	52.75	77.7	60.3
Gulf Oil.....	72.00	101.37	62.50	94.50	40.6	21.3
International Harvester.....	28.37	37.37	25.12	30.50	31.7	7.8
Johns-Manville.....	49.00	59.62	36.50	54.75	21.7	11.7
Radio Corp.....	22.00	21.00	14.62	19.75	-4.6	-10.3
Republic Steel.....	38.50	49.50	33.25	36.00	28.6	-6.8
Sears, Roebuck.....	47.87	58.00	40.00	52.00	31.3	8.0
E. R. Squibb.....	18.37	28.25	14.75	24.12	33.0	31.3
Standard Oil (N. J.).....	39.12	65.37	34.81	59.12	67.1	61.1
Swift & Co.....	37.00	40.00	33.50	32.25	8.1	-13.8
Union Carbide & Carbon.....	49.00	61.62	40.12	57.75	38.8	17.9
United Aircraft.....	28.00	41.12	26.62	26.62	46.9	-4.9
United States Rubber.....	44.00	67.37	38.37	56.50	53.1	20.4
United States Steel.....	36.00	47.75	31.00	37.75	32.6	4.9
Westinghouse Electric.....	36.00	41.00	29.12	35.00	13.9	-3.8
West Virginia Pulp & Paper.....	54.50	89.25	44.50	83.00	63.6	62.3

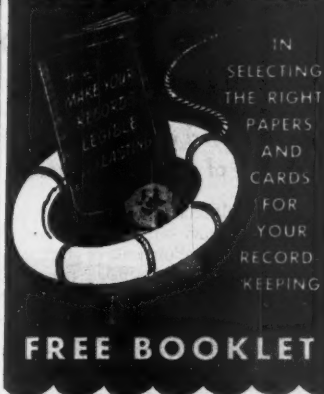
Utility Commons

Dow-Jones Average.....	43.95	43.91	37.40	42.34	-0.1%	-3.7%
Cleveland Electric Illuminating....	\$45.37	\$46.75	\$38.37	\$45.25	3.0	-0.3
Commonwealth Edison.....	32.00	30.00	26.37	29.25	-2.3	-8.6
Consolidated Edison.....	32.75	31.87	26.12	30.50	-2.7	-6.7
Consolidated Gas, El. Lt. & Power	27.00	26.25	23.00	24.00	-2.8	-11.1
Detroit Edison.....	23.87	23.62	21.37	21.62	-1.0	-9.4
New England Electric.....	12.75	12.75	10.25	11.25	—	-11.8
Pacific Gas & Electric.....	35.37	34.75	30.50	32.12	-1.8	-9.3
Philadelphia Electric.....	27.00	28.62	23.37	26.25	6.0	-2.8
Southern California Edison.....	36.00	35.25	31.25	32.50	-2.1	-9.7
Southern Co.....	12.25	12.25	10.25	10.87	—	-11.3

Railroad Commons

Dow-Jones Average.....	55.85	90.08	51.24	73.16	61.3%	31.0%
Atchafalpa, Topeka & Santa Fe.....	\$118.25	\$177.75	\$108.75	\$147.00	80.3	34.3
Atlantic Coast Line.....	46.75	82.00	43.00	61.75	78.4	33.1
Chesapeake & Ohio.....	27.00	38.25	25.00	28.62	41.7	6.0
Chic., Milw., St. Paul & Pac.....	11.25	30.00	9.25	17.25	106.7	63.3
Great Northern (Pfd.).....	35.87	57.75	33.75	45.75	61.0	27.8
Illinois Central.....	41.00	75.25	36.00	52.25	84.8	27.4
Louisville & Nashville.....	35.75	59.50	35.00	48.50	60.4	38.7
New York Central.....	13.50	26.25	11.62	15.50	94.4	14.9
Pennsylvania.....	16.00	26.25	14.75	17.00	64.1	6.3
Southern Pacific.....	55.75	74.37	50.50	58.50	33.4	4.9
Southern Ry.....	36.75	64.00	33.25	47.00	74.1	28.8
Union Pacific.....	85.12	109.50	81.00	98.00	28.6	18.1

HELP FOR YOU



Parsons' booklet, shown here, includes a table telling how much wear and how many years' service you can get from the various grades of ledger papers and index cards. The booklet includes valuable suggestions for making your record-keeping work, and the buying of forms, more efficient and economical. Your major question is: Which records should be on paper or card of 100% new cotton fibers, which on 75%, which on 50%, and which on 25%. It depends on how much you use them and how long you need them.

Parsons makes seven types of ledger paper and three types of index cards in a wide variety of weights and colors, all made with new cotton fibers. They all take clean, sharp entries from pencil, pen or machine, with no smudging, and will stand rigid in your files. The no-glare surface is restful to workers' eyes. These papers and cards are all engineered to meet the standards of leading manufacturers of bookkeeping equipment. Each sheet is a solid piece and can't split. Ink won't run on the fibers. Erasure with chemicals, rubber or scratcher leaves a smooth surface, the same color.

King Cotton, Parsons' guardian of paper quality, says: "Send the coupon today for your free copy of 'How to Make Your Records Legible and Lasting'. It gives valuable hints on saving time, effort and paper, and will help you select the papers and cards you need."



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PARSONS PAPER COMPANY
DEPARTMENT 71
HOLYOKE, MASSACHUSETTS

Please send me, without cost or obligation, your booklet on selecting the right record-keeping paper or card for each job.

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(PLEASE PRINT)
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City or Town _____ State _____

DEFENSE BUSINESS

Get Your CMP Form Straight

And don't forget to sign it. That's DPA's warning as it prepares to send out second batch of application blanks. First returns were full of errors. This time, a blooper could mean no metal.

National Production Authority is getting set to mail out a new batch of applications for allotments of steel, copper, and aluminum under the Controlled Materials Plan. The new forms cover requirements for the fourth quarter.

At the same time, NPA's CMP staff is preparing a warning: Be more careful in filling out your application, or you may not get any metal.

Everyone using the three basic metals must file the forms. Makers of consumer hard goods, excused from filing in May and June, must report anticipated October-December metal consumption. But they still may not get allocations. NPA will let them know about that later.

• **Wild Pitches**—The warning from CMP is the result of its experience with some 43,000 CMP-4B applications that have just been screened. There was something pretty seriously wrong with 7,000 of the forms. The forms going out now are a second batch of CMP-4B's; the idea of the warning is to forestall the trouble.

Much of the confusion was over who should file what kind of CMP form. The CMP men offer this rule of thumb:

CMP-4A—You won't file one of these unless you're asked to do so. Generally, 4A's cover products that are made to specifications, like most military items. If you make such products, you'll get an application from the contractor or government agency that places the order.

CMP-4B—These cover most industrial and civilian-type items. If in doubt, get a copy of NPA's "Official CMP Class B Product List." If your product is listed, you must file a 4B.

CMP-4C—This is for construction materials. Don't worry about it unless you are building a new plant or major addition.

The CMP people urge simple care and attention to instructions that accompany all the forms. Eight hundred of the first 4B forms filed bore no signature. Every application must be signed by an authorized representative of the company filing it.

Other common errors in the applications included:

- Requests for materials for more than one product on a single form—there were over 1,000 of these. You have to make out separate application forms.

- Many applicants mailed in only three copies of their completed applications, rather than the required four copies. The fourth copy is urgently needed, CMP people say.

- Some asked for the same materials on two different types of applications.

Even if your form was made out improperly, you may not have heard

about it. The CMP staff typed up its own fourth copies of several hundred forms, made minor corrections on others. Where applications were unsigned, they made out a form to supply the missing signatures, went on with the screening.

In many cases, CMP staffers simply telephoned the companies involved to straighten out snarls. As a result, only about 3,700 of the forms had to be rejected—either because they were improperly prepared or because they should never have been filed in the first place.

- **On Your Own**—The CMP staffers say they won't be able to make their own repairs on fourth-quarter forms. There will be too many forms coming in, with makers of consumer hard goods added to the list and the first filing of new 4C construction forms.

If your forms are wrong, you're likely not to get under the wire. NPA will simply send them back to you for corrections. That will mean delay in getting the corrected application screened in Washington and delay in getting your metal.

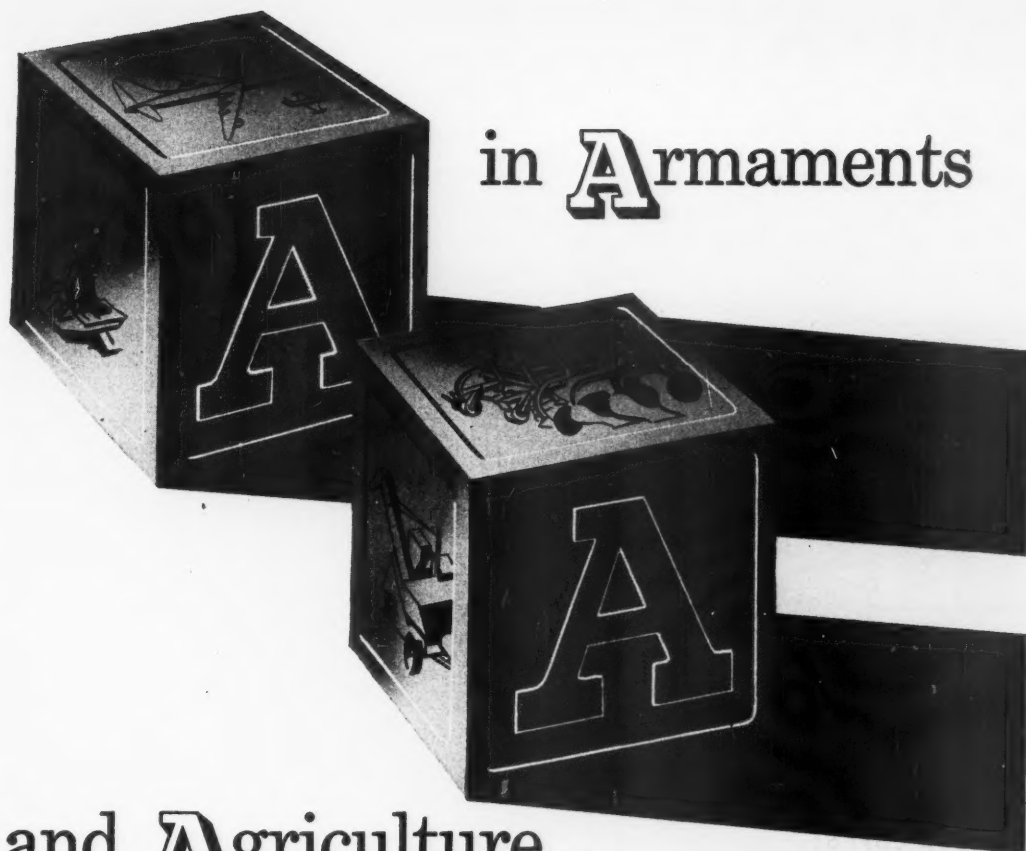


The Man Who Will Slice the Materials Pie

Melvin Anshen last week took over the vital job of making the initial division of materials to principal claimants under Controlled Materials Plan. The former University of Indiana marketing professor has the title of acting administrator of the Office of Program and Requirements in the Defense Production Administration.

Anshen succeeds Charles E. Wampler,

whose temporary leave of absence from American Telephone & Telegraph has expired. He has been Wampler's assistant. A graduate of Harvard and the Harvard business school, he served on the War Production Board and the Civilian Production Administration from 1942 to 1946. Anshen is a close friend of Manly Fleischmann, newly appointed boss of DPA.



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Preferred and Common Stock Dividends

The Board of Directors of Safeway Stores, Incorporated, on June 7, 1951, declared quarterly dividends on the Company's \$5.00 par value Common Stock and 4% Preferred Stock.

The dividend on the Common Stock is at the rate of 60¢ per share, and is payable July 1, 1951 to stockholders of record at the close of business June 19, 1951.

The Dividend on the 4% Preferred Stock is at the rate of \$1.00 per share and is payable July 1, 1951 to stockholders of record at the close of business June 19, 1951.

MILTON L. SELBY, Secretary.

June 7, 1951.

NPA Hikes Allocations For Electric Utilities

Prospects for electric utility expansion brightened considerably last week. And the power producers began breathing easier. The National Production Authority changed its mind about making drastic slashes in the industry's allocations of materials for the third quarter.

The news came just a few weeks after NPA had slashed the industry's allotment of aluminum and copper almost in half because it thought the power producers hadn't made good use of their second-quarter rations (BW—Jun. 16 '51, p. 160). Having made its point, NPA is now ready to be lenient.

• **Every Bit Helps**—The increased allocations still fall short of original requests. But the industry is in no mood to quibble. Defense Electric Power Administration, which parcels out allocations to the industry, considers the supplemental allotments at least a step in the right direction.

For DEPA the increases break down this way:

- Aluminum—13-million lb. additional, bringing the third-quarter allotment to 38-million lb.

- Copper—2-million lb., bringing the total for the quarter to 77-million lb.

- Steel—30,000 tons, bringing the total for the quarter to 300,000 tons.

The allotment for engines and turbines, which come under NPA, was also increased, but no breakdown is yet available.

CHECKLIST:

Defense Regulations

The following listing and condensed description cover all the material and price-control regulations issued by the defense agencies during the preceding week.

Full texts of the materials orders may be obtained from National Production Authority, Washington 25, or from any Dept. of Commerce regional office.

Full texts of the price orders may be had from the Office of Price Stabilization, Washington 25, or from the regional OPS office in your area.

Materials Orders

Sebacic acid: Placed the acid under allocation as an Appendix B material. Requires suppliers to get NPA authorization before filling orders and requires consumers to state end-uses. M-45 Sched. 7 (June 26).

Methyl chloride: Allocates the chem-

ical as an Appendix B material; producers are required to apply for authorization to make shipments, and consumers must state end-uses. M-45 Sched. 8 (June 26).

Rayon: Restricts use of high-tenacity rayon in production of rubber products for nondefense purposes in each quarter to average quarterly use during first half of 1951. M-2, Amend. 1 as amended (July 1).

Laboratories: Gives self-certification system to technical and scientific laboratories for procurement of controlled and other materials needed to carry on research projects. M-71 (June 26).

Mill schedules: Postpones from July 1 to July 7 the date on which authorized controlled material orders will have preference over DO-rated orders calling for delivery of steel, copper, or aluminum during September. Bans a prime consumer of controlled materials from ordering for delivery in any one month more than 35% of the steel, copper, or aluminum authorized in his quarterly allotment. Dir. 1 to CMP Reg. 3 and Dir. 3 to CMP Reg. 1 (June 25).

Order conversion: Automatically converts outstanding rated orders for non-controlled materials placed under programs of the Defense Dept., Coast Guard, and Atomic Energy Commission to orders bearing the new rating and allotment symbols required by CMP Reg. 1. NPA Reg. 2 Dir. 1 (June 25).

Chemical wood pulp: Limits purchasers of chemical pulp to 95% of their 1950 rate of use; limits chemical pulp inventories to a 45-day supply and requires mills producing own pulp to set aside 3% of quarterly production for purchase by mills not producing or only partially producing their own pulp. M-72 (July 1).

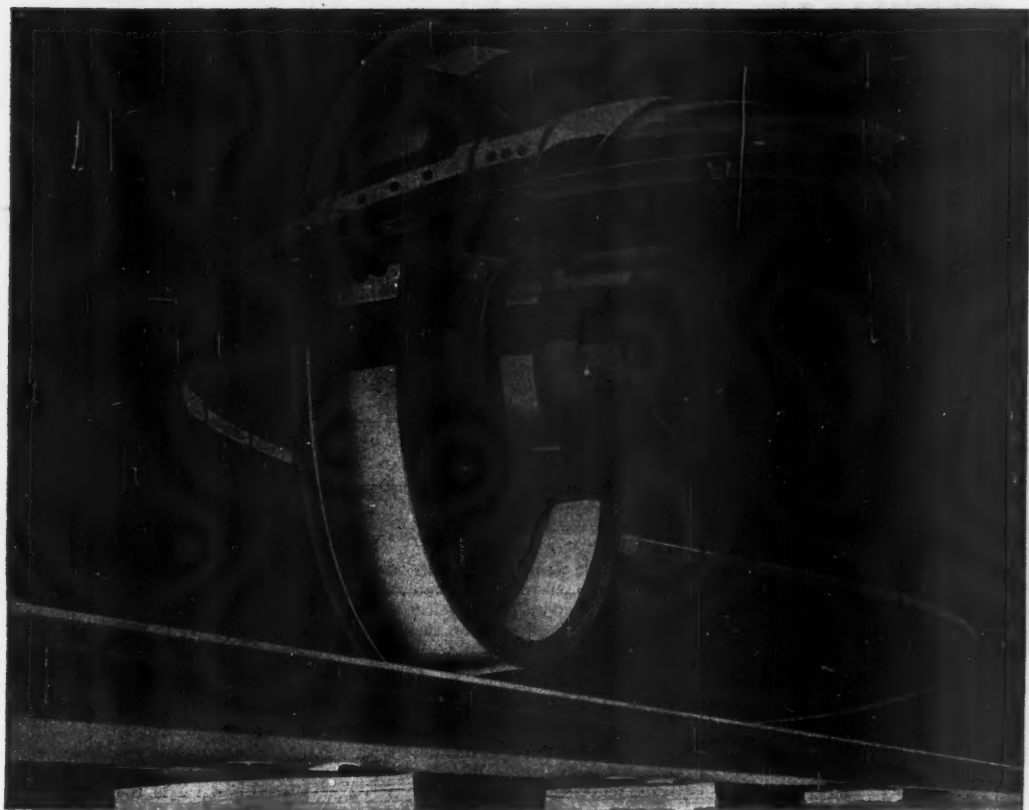
Sole leather: Exempts small shoe manufacturers and leather sole cutters from restrictions on sole-leather cutting. M-34 as amended (June 28).

Passenger cars: Adds aluminum castings and forgings to the list of materials whose use is limited in automobile production. M-68 as amended (July 1).

Rail transportation systems: Provides allotments of controlled materials and authorizations for other items based on availability of supplies and subject to program determinations by DPA for the U.S. freight car and railroad maintenance programs. Also provides that small users of materials (up to \$25,000 a quarter) may operate under either MRO or this order. M-73 (June 28).

Relief programs: Concludes relief programs that aided manufacturers of farm machinery, machine tools, and certain specified components, as of the dates on which individual manufacturers receive their CMP authorizations. M-55A Dir. 1; M-60 Dir. 1; M-61 Dir. 1 (June 28).

Nickel: Continues conservation order



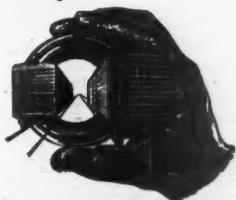
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National Oil Seals will protect the bearings

Today's streamlined passenger trains roll on anti-friction bearings. It is reasonable to expect that eventually all freight cars will be so equipped.

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Forward-thinking National engineers are continually researching and testing oil seals for the machines of tomorrow. Because of this "years-ahead" research, National Oil Seals give "years-ahead" performance in your products of today. We welcome tough sealing problems. May we help you?



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Cuts fuel costs up to 40%

DUNHAM

HEATING SYSTEMS & EQUIPMENT

for the third quarter of 1951 pending proposed over-all revision of original regulation. M-14 as amended (June 29).

Pricing Orders

Catchup and chili sauce bottles: Permits manufacturers of catchup and chili sauce bottles to raise prices by 15¢ a gross to compensate for seasonal discounts in effect during the general freeze period. GCPR Suppl. Reg. 35 (effective June 26).

California pearl rice: Establishes for each grade of unpolished California pearl rice a price differential of 50¢ a cwt. below the ceiling price of milled rice of the same grade. CPR 12, Amend. 1 (effective July 2).

Military exemptions: Adds tactical trucks and trailers, tanks, self-propelled artillery, cargo tractors, amphibious cargo tractors, and armored infantry carriers to list of military items exempt from price control. GOR 9, Amend. 2.

Spring lamb: Fixes ceiling price at same level as winter lamb. GCPR Suppl. Reg. 37 (effective June 26).

Returnable containers: Permits manufacturers who sell products in returnable containers to adjust ceiling prices to reflect the increased cost of such containers. CPR 22, Suppl. Reg. 9 (effective July 2).

Machine tools: Permits machine tool manufacturers to include in their ceiling prices cost increases resulting from more use of overtime and shift premium labor and subcontracting. CPR 30, Suppl. Reg. 2 (effective June 27).

Rubber products: Permits manufacturers of rubber products to determine new ceiling prices by percentage adjustment of their base-period prices. CPR 22, Suppl. Reg. 8 (effective July 2).

Tires, tubes, and mechanical rubber goods: Excludes automobile tires and tubes from CPR 22 and leaves them temporarily under GCPR; also permits manufacturers of certain molded, extruded, and cut-mechanical rubber goods to price under GCPR if sales value during the second calendar quarter of 1951 amounted to less than \$10,000. CPR 22, Suppl. Reg. 10 (effective July 2).

Fish: Excludes from CPR 22 salmon and salmon products, all other fish, shellfish, and seafood products except

when sterilized in hermetically sealed containers. CPR 22, Amend. 13 (effective June 29).

Extension of time-in-line markups: Permits retailers, including chain stores and mail-order houses, to sell articles until July 31 without receiving acknowledgment from OPS of price charts and service charge statements being filed. CPR 7, Amend. 9; CPR 7, Suppl. Reg. 1, Amend. 5 (effective June 30).

Leather cut stock: Exempts leather cut stock, including soles, lining, heel lifts, midsoles, and similar products from CPR 22. These will remain under GCPR. CPR 22, Amend. 14 (effective June 28).

Toys, Christmas decorations, various notions: Brings retail sales of toys, Christmas decorations, hand knitting yarn and crochet thread, laces, and trimmings and ribbons under CPR 7 regulation; also gives alternate methods of pricing and preparing charts. CPR 7, Amend. 8; CPR 7, Suppl. Reg. 1, Amend. 4; CPR 7, Suppl. Reg. 2, Amend. 2 (effective June 30).

Slaughter quotas: Increases cattle slaughter quotas for July for beef, calves, sheep, lamb, and swine. DR-1, Suppl. 1, Amend. 2 (effective June 27).

Gum resin and turpentine: Sets dollars-and-cents ceiling prices on gum resin and turpentine. CPR 52 and CPR 31, Amend. 4 (effective June 27).

Puerto Rican salted codfish: Sets dollars-and-cents ceiling prices for salted codfish in Puerto Rico. CPR 51 (effective July 5).

Kerosene in Virgin Islands: Sets dollars-and-cents prices for retail sales of kerosene in the Virgin Islands. CPR 50 (effective July 5).

Coke, coal, chemicals, coke oven gas: Extends until Sept. 30 the expiration date of its ceiling price order covering producers of coke, coal, chemicals, and coke oven gas. GCPR Suppl. Reg. 13, Amend. 2 (effective June 30).

DEFENSE BUSINESS BRIEFS

Steel makers more than doubled their estimates of increased scrap needs this year—a 3-million-ton jump over last year, to a 6.5-million-ton hike. The revised estimate was based on current consumption. NPA reported some mills down to a two-day supply of scrap (BW—Jun. 30 '51, p. 22).

Questions and answers about CMP, based on a series of meetings with businessmen, are available from the National Production Authority, Washington 25. The 80 questions in the booklet were the ones most frequently asked when the Controlled Materials Plan was being explained by traveling groups of government experts.

The Pictures—Cover by Dick Wolters. Acme—21; Joern Gerds—64, 65; Harris & Ewing—20, 26; Bob Iscar—79, 106, 107, 108; Herb Kratoil—56 (rt.), 57 (top, ctr. lt., bot.); Fred Milkie—148, 149; Wide World—25 (top lt.), 30, 70 (top); Dick Wolters—22, 23, 56 (rt.), 102, 103, 112, 145.

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in Automotive Heater Division of Eaton Manufacturing Company**

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Safety colors were used to reduce accident hazards.

● "As a result of repainting according to COLOR DYNAMICS", reports W. A. Mattie, superintendent of the Heater Division, "we have noticed improvement in operating efficiency, employee morale and general plant cleanliness."

"When our plant was a dull gray, workers seldom bothered to pick up small parts used in assembly operations. They were usually swept up and discarded. Today, employees are so proud of their clean surroundings they pick up these items, effecting worth-while savings for us."

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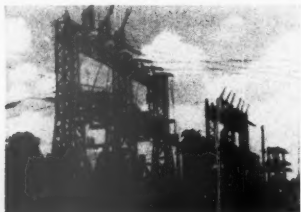
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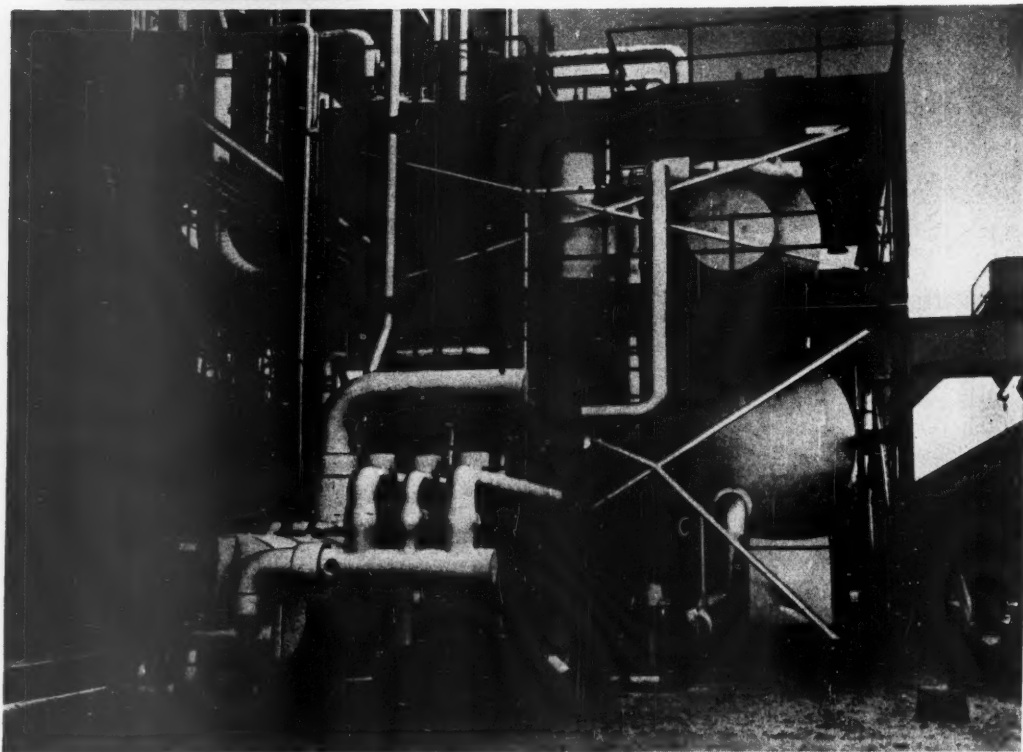
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K&M Hy-Temp to insulate surfaces above 600°. Weatherproof finish. ENGINEERS AND CONSTRUCTORS: Ebasco Service, Inc., INSULATION CONTRACTORS: Guy M. Beatty Company, Charlotte, N.C.

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INTERNATIONAL OUTLOOK

BUSINESS WEEK

JULY 7, 1951

A
BUSINESS
WEEK

SERVICE

The Administration is taking Korean truce moves seriously. But the original skepticism over Malik's peace bid still hasn't evaporated.

But U. S. officials split when they start evaluating the Soviet move.

One group thinks this is just a tactical retreat, dictated by the military dead-end the Reds got themselves into. These officials expect Moscow to keep up its pressure on the West, just short of a world war. The heat might be put on again, say, in Indo-China or the Middle East.

A second group figures the Russians are beating a strategic retreat.

According to this theory, Stalin's aim now is to lull the West into slowing its rearmament. Another big crisis with Russia won't come unless a strengthened West Germany pushes for German unity.

There's another theory with a few supporters: The truce bid is part of a scheme for direct Russian intervention in Korea. If so, we'll soon be on the edge of World War III.

Short of such a dangerous move, Stalin is sure to keep diplomatic pressure on the West. He might do this by maneuvering to:

(1) Stymie U. S. plans for a Japanese peace treaty. For example, Moscow and Peiping might offer Japan a generous long-term trade agreement.

(2) Arrange a peace treaty with East Germany and call it a treaty for the whole country.

(3) Revive Soviet proposals for atomic control at the fall meeting of the U. N. Assembly in Paris. (This would be pure propaganda.)

Meantime, Moscow will use the recent buildup of Communist air and submarine strength in the Far East as a lever in the Korean truce talks.

The U. S., of course, is taking no chances on a booby trap in Korea.

Gen. Ridgway will demand watertight inspection under U. N. supervision—for example, helicopter and light-plane reconnaissance of the Manchurian border once the armistice starts.

What's more, we'll stand pat on our present battleline until all our armistice conditions have been met. The one condition we'll insist on, besides inspection, is the return of all war prisoners.

A cease-fire is probably all we can expect for a while. Maybe for months. Negotiating a real armistice will be a long and delicate job.

The U. S. will ask for U. N. truce teams to supervise the withdrawal of all foreign troops from Korea. But the Chinese Communists are sure to object to having U. N. teams snooping around their border.

Lines will have to be fixed for the first stage of withdrawal. The Pentagon wants our line to run from just south of the 38th parallel in the west to about 20 miles north of it in the east. This line would be easier to defend than the parallel itself.

Even if these problems can be settled there'll be plenty of others just as tough.

To insure against new North Korean attacks, the U. S. wants to build a modern Southern Korean army of 10 divisions as soon as possible. (The Pentagon wants to get our boys out of Korea, doesn't even want to pin down large forces in Japan indefinitely.) But the Chinese will try to block this move, perhaps by promising not to give the North Koreans any military help.

INTERNATIONAL OUTLOOK (Continued)

BUSINESS WEEK

JULY 7, 1951

The U. S. will want some guarantees that North Korea won't wage economic warfare. Before last year's invasion the North Koreans periodically cut off South Korea's power. It's going to be expensive enough to rebuild South Korea without any monkey wrenches like that.

China's claims to Formosa and a seat in the U. N. are sure to crop up sooner or later.

The U. S. will continue to fight both. But Washington may have a tough time keeping our allies in line.

France, for one, would drop its opposition if only the Communists would call off the war in Indo-China.

There's nothing France would like better than a general Asian settlement.

Most Frenchmen are fed up with the Indo-China war. It's costing them \$500-million a year and draining military strength needed in Europe.

But French diplomats don't expect the Communists to pull back all over the Far East. They think it's more likely that Red attacks will merely shift from Korea to Southeast Asia.

So Paris will soon urge Washington to divert Korean arms shipments to French forces in Indo-China.

Take reports of strong opposition to Moscow in the Eastern European satellites with a pound of salt.

True, the Russians are ruthlessly integrating the satellite economies into the Soviet war machine. And some people get hurt in the process.

But Washington officials see no chance of real resistance behind the Iron Curtain. At least, they're not counting on any new Titos right now.

For one thing, Moscow has a military strangle hold on each of the satellites. Then the Communist shareout has won over many workers and peasants. Also, Communist propaganda, like Hitler's, has taken in a majority of the youth of eastern Europe.

Korean truce talks have stirred up election fever in Britain again.

Political observers in London say that Prime Minister Attlee will probably call a September election if the summer brings (1) solid truce in Korea; and (2) a settlement of the Iranian oil crisis.

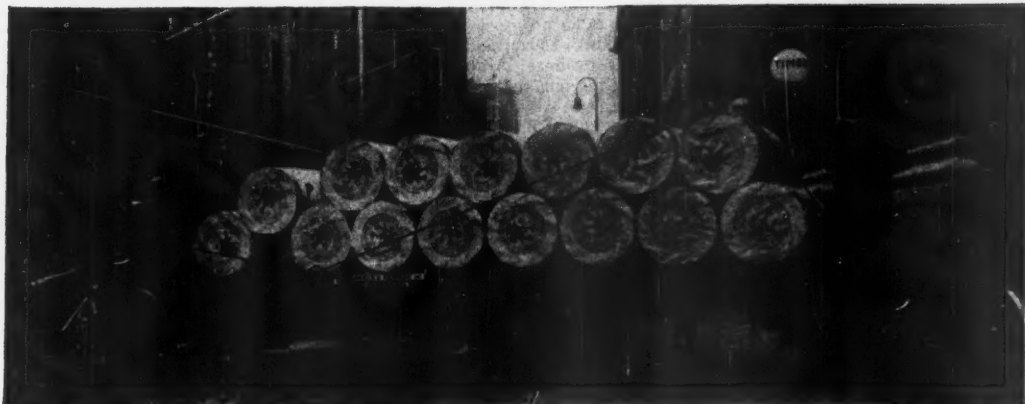
Attlee has more than Churchill's Conservatives to think about in making his decision. The labor party is holding a policy conference in October, and Bevan's left-wing group plans to force Attlee and Foreign Secretary Morrison to go in for more socialism and less rearmament.

Attlee and Morrison will win in a party showdown. But if Labor is badly beaten in an election at some later date, Bevan would be set to take over the party leadership.

If the war is definitely over in Korea by August and things look better in Iran, Attlee may figure a September election this way:

I have as good a chance now to get a working majority in Parliament as I'm ever likely to get. (Labor has staggered along since February, 1950, with a majority of only six or eight.) Even if I don't beat Churchill, Labor will win enough seats to stall off the threat from Bevan.

BUSINESS ABROAD



ROLLS LIKE THESE, the lifeblood of newspapers, will cost \$10 a ton more this week. So . . .

U.S. Roars at Canadian Newsprint Price

This week the price of Canada's newsprint goes up \$10 a ton, to \$116, delivered in New York. It's going to cost U.S. newspapers a whopping \$50-million more a year. All the publishers and the whole hierarchy of price stabilizers in Washington are screaming murder.

It's one of the nastiest economic battles that's ever boiled up between the U.S. and Canada. Newsprint is one of the most important—and touchiest—items of trade between the two countries.

• **Compromise**—The Canadians are being accused of pulling a vicious squeeze play, disregarding their rearmament promises to keep prices down. Defense mobilizer Charles Wilson is shortly off to Ottawa to try to talk the Canadians into a compromise.

But the Canadians—paper men and government officials alike—back the price increase to the hilt; they say they won't budge an inch.

There's more to the world newsprint situation than a U.S.-Canadian squabble. Canada produces more newsprint than the rest of the world combined—5.4-million tons out of a total 10-million. The U.S. uses more newsprint than the rest of the world combined—around 6-million tons. In many cases, other nations are out in the cold, can't get one of the free world's most important commodities.

I. Canada's Problems

Canadians swear their price increase is justified. Before the news was sprung on U.S. price chief Michael DiSalle,

the Canadian cabinet went into the industry's request for a price hike in detail. Finally, Defense Production Minister C. D. Howe gave his unqualified blessing.

Higher costs, says Howe, are the reason. The newsprint unions got an 11% wage boost on May 1; freight charges are higher. And items like the cost of sulfur, shortest of all world raw materials and a key ingredient in paper, figured heavily in the decision.

• **Depression**—Actually, the story behind the price rise goes back many years—to the depression days. Many of Canada's big newsprint mills had just set up shop in the 1920's. Initial investments were tremendous even then. All but a few went bankrupt, selling their output at rock-bottom prices of \$35 a ton.

The depression experience remains vivid, discouraging new investment. Of 10 new pulp and paper mills built in Canada since the war, not one was for newsprint. The 1-million-ton rise in capacity since the war has been entirely due to plant improvements and speed-ups.

Newsprint is the ugly duckling of the paper industry. "Why," say paper men, "should we make newsprint when kraft paper for cartons brings at least \$40 to \$60 a ton more?" They claim they could even sell the pulp content of their newsprint in the U.S. for more than the newsprint itself.

• **World Price**—Canadians also like to point out that they are selling newsprint to U.S. publishers way below world-market prices. A ton at \$116 in New York would bring \$187 f.o.b. Can-

ada if sold to Britain. And many other nations, especially in Latin America, are standing in line to pay between \$200 and \$300. But the Canadians seldom add that the U.S. buys most of their production and that the rest of the world could not absorb it at any price.

Canadians argue that American publishers could carry off the increased newsprint costs in grand fashion if they'd only boost their advertising rates. They think newspaper rates are way out of line with increased readership.

There's another behind-the-scenes factor in Canada's approval of the newsprint hike. Ottawa feels it's getting the short end of the defense program, buying a lot more from the U.S. (around \$125-million) than the U.S. is buying from Canada (now around \$30-million). Canada needs dollars badly to fix this adverse balance. And the newsprint increase will bring in a cool \$50-million.

II. U.S. Problems

Newsprint is an essential commodity in the U.S.—and one of our largest imports. All but 2% of these imports come from Canada—where there are no price controls. Newsprint is often the largest single item of cost to publishers—sometimes almost 40% for the larger papers.

The U.S. has little choice but to try for a compromise—or pay. There has been wild talk about withholding sulfur from the Canadians or canceling defense contracts in Canada. But it's unlikely that such a get-tough policy will

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be used. And there can't be any "Buy American" policy on newsprint. For 35 years the U.S. newsprint industry hasn't been able to keep up with surging demand and tariff-free Canadian imports or to encourage new investors.

• **First Costs**—Today initial investment costs are huge. Arthur Treanor, director of the pulp and paper division at NPA, figures it would cost at least \$60-million to put up a newsprint mill with a capacity of 90,000 tons a year. After it's built, there's a long haul to write off the investment—and earn a profit. Paper men believe that's possible only if present prices—or higher ones—stay with us for 10 years or so.

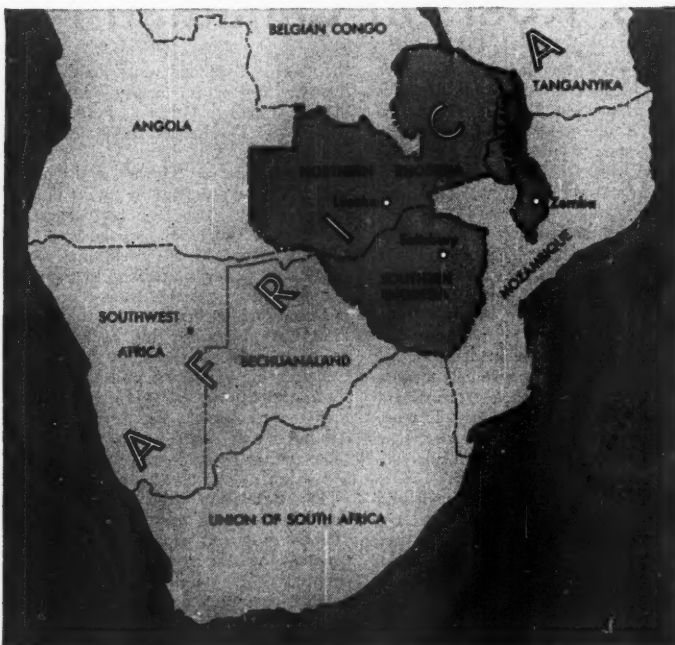
There have been one or two successful cooperative ventures by publishers who pooled their funds and started making newsprint. One is the Coosa River mill in Alabama. Treanor at NPA would like to encourage more. But there's little interest.

Another factor that discourages newsprint investment: It's constantly under

the spotlight of congressional investigation committees. There have been a slew of antitrust charges; the industry has been painted in broad black strokes by the press.

• **Charges**—Right now three congressional committees are riding herd on the newsprint mills. Rep. Emanuel Celler's House group charges monopoly, reports that big U.S. companies have interests in Canadian newsprint mills and escape antitrust action by spiriting their records across the border.

Two other subcommittees are active, seeing to it that newsprint supplies are distributed equally between the big chains and "hardship cases" (small independent newspapers) and trying to drum up interest in new mills in U.S. and Alaska—to "beat the Canadian monopoly." Also, there's a Federal Trade Commission report on interlocking directorates in the industry—in the U.S. and Canada. Though FTC found plenty, it didn't believe the situation particularly serious. What's more, the



Britain Seeks Dollar Backing for Africa

Britain is trying to stir up U.S. interest in its Capricorn Plan. The idea is to weld an economic and political federation out of the three Central African territories of Southern Rhodesia, Northern Rhodesia, and Nyasaland. Sir Gordon Munro, Southern Rhodesia financial adviser, has just left Washington where he's been laying the groundwork for dollar assistance for some of the area's development schemes.

Munro also looked up potential private investors—especially railroad people, since Central Africa needs transport most of all. There's a wealth of raw materials waiting to be developed there—and Britain feels that federation might speed the job. The political idea behind the plan is that a solid Central African bloc might head off South African nationalism and racism moving northward into the Rhodesias.

industry looks to capacity production for the foreseeable future. World demand shows little sign of flattening out.

III. The Rest of the World

While the U.S. and Canada squabble, the rest of the world complains that it's starving for newsprint. The president of Chile wrote to President Truman recently for help; the president of Ecuador asked for newsprint on his recent trip. And a Pakistan official wrote to the Washington Post saying that if Americans would cut their newsprint consumption 4% all the free world's needs would be taken care of. Other nations echo the plea; they'd be glad to pay the price, but can't find supplies because too much goes to U.S. publishers under contract.

One way for foreign nations to beef up their newsprint supplies was demonstrated two weeks ago. A group of Brazilian publishers—with help from Nelson Rockefeller's International Basic Economy Corp.—bought the Gould Paper Co., of Lyons Falls, New York. It had been producing specialty papers as a subsidiary of the Continental Can Co. Now the Brazilians aim to produce newsprint for themselves.

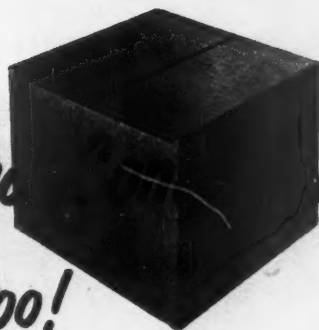
• **Allocation Plea**—But not all nations can afford a plant—or get help from IBEC. So they're asking for allocation of newsprint. And the cry is loudest at the Washington meetings of the International Materials Conference. The IMC's pulp and paper division has heard the pleas of 10 nations for emergency stocks to keep their newspapers running. Six of the 10 have been granted emergency allocations. By August the IMC hopes to draft an over-all world allocation system.

The allocation will have to come out of the supplies of U.S. publishers. There's no indication how large the diversion will be—but whatever it is, the U.S. and Canadian governments say they'll enforce it.

• **Dim Prospects**—Future hopes for a big increase in newsprint production are dim. For one thing, it can be produced economically only in the forest growth of North America, Scandinavia, and probably Russia. And even then, initial costs are prohibitive for most investors. It is being made elsewhere in dribs and drabs, but that kind of production can't come close to the leaders in cost or quality.

For years, people have been talking about producing newsprint out of everything from wheat and corn stalks to sugar cane waste. Several experiments are under way—and in Peru, W. R. Grace & Co. is producing passable newsprint out of sugar cane (BW—May 12 '51, p165). But such production is only a tiny drop in the bucket. And there's no great promise of much more.

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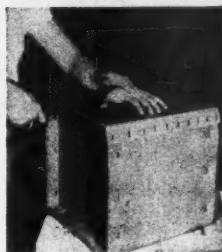
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LOCAL COLOR: Hugh Craggs, a buyer from Guatemala, gets a capsule dose of Japan, complete with kimonos, mock-up cherry tree.



INDUSTRIAL TOOLS: Some heavy equipment was shown along with consumer goods. Here Craggs looks over a Japanese band saw.

Japan Makes a Bid for Return of Prewar



BICYCLES: They're dead ringers for English bikes, complete with three-speed gears. Japan's bikes are one item that has cut deeply into British markets in Southeast Asia.

The "Made in Japan" label is becoming a familiar sight again—all over the world. In the fiscal year ended Mar. 31, Japanese exports bounced up 80% over the previous year.

This week Japanese manufacturers wound up an 18-day trade fair in Seattle, Wash. The aim: to regain once-profitable markets in the Western Hemisphere. On display were more than 6,000 items—from knickknacks, rag rugs, and cultured pearls to bicycles, sewing machines, and canned fish.

• **Everybody Came**—Buyers from all over the U.S., Canada, and Latin America came to pore over the merchandise, line up suppliers of Japanese goods. As a dividend, they got treated to a riot of color, tea-drinking ceremonies, and plenty of drumbeating from Seattle businessmen. It was the Seattle city fathers who first had the idea for the fair—to help Seattle come out on top in the fight among Pacific ports for the Orient trade.

At first buyers were dubious about the quality of Japan's products. But now, with the fair over, the consensus is that there's been real improvement over prewar. Some items—like cameras, binoculars, sewing machines—were felt to be right up to U.S. standards. On industrial equipment, however, buyers preferred to reserve judgment, look for guarantees of performance and quality.



HOME PRODUCTS: Thermos bottles looked good to buyers. So did sewing machines.

Markets



SALE: Craggs finally picks up some knick-knacks for his gift shop back home.

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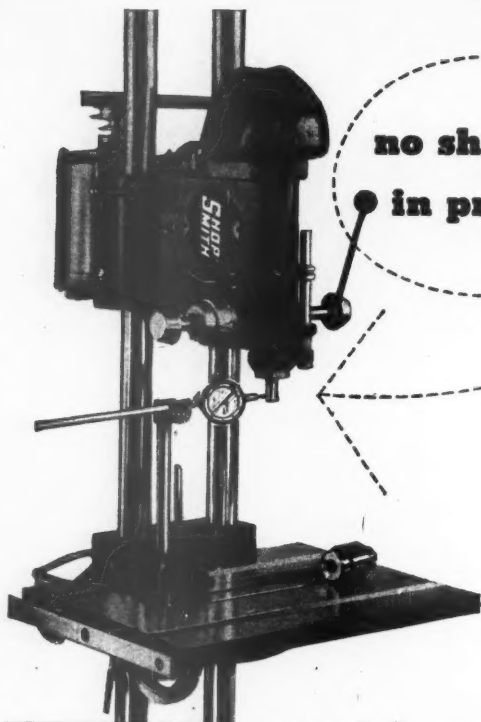
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Puerto Rican Workers For Labor-Short Areas

Labor-short plant managers will be getting offers of help from Puerto Rico before long. The island government and the U. S. Employment Service have worked out a plan whereby 20,000 Puerto Ricans will be available each year to fill gaps in U. S. industry.

Puerto Rican farm workers have been coming to the U. S. for many years. But not since World War II has there been official stimulus for the migration of semiskilled and unskilled workers for industry. The plan is to direct Puerto Ricans to areas where labor shortages are showing up—rather than allow helter-skelter migration to already overcrowded Puerto Rican sections in large cities.

The USES has cited Bridgeport, Conn., as an area where Puerto Ricans could fit in. There are others, too, in the east and midwest, provided there's no letup in defense production. And Puerto Rican officials promise that, given some in-plant and vocational school training, the migrants can make rapid advances in learning skills.

• **Sales Campaign**—The island government is going all-out to make the labor offer attractive. It plans to reimburse U. S. employers for the migrants' transport and initial living costs. And there's to be a big promotion campaign selling Puerto Ricans to U. S. businessmen.

Large-scale emigration is a No. 1 objective of Puerto Rico. Even though the island's industrialization program—"Operation Bootstrap"—has created thousands of new jobs, each year the addition of 17,000 new heads of families creates nasty surpluses. Right now, unemployment on the island is estimated at 97,000.

BUSINESS ABROAD BRIEFS

Superservice in Japan: Shoppers at Nagoya's Maruei department store can "fully utilize their spiritual and material needs." To prove its ad, Maruei offers: a cherry tree roof garden, an amusement park for the kids, hotel rooms, plays and movies, a travel agency, food and flowers, dogs, birds, dental care, and scientific supplies.

• **Latin American business:** A new sulfur search is on in Ecuador. Chemical Plants Corp., an affiliate of Oscar Kohn & Co., New York, has a 20-year agreement with the Ecuadorian government to exploit sulfur deposits. The company will build a sulfuric acid plant there, too. . . . An \$86-million expansion program is planned by Brazilian

An important atomic center may be built at Manono, a village in the Belgian Congo. Rich deposits of lithium—a key ingredient in hydrogen bomb

Antitrust: Blaw-Knox Co., Pittsburgh, is the latest U.S. concern to run afoul the Dept. of Justice on its business abroad. An antitrust suit has been filed, charging the company with participation in a cartel arrangement with three British concerns to divvy up world markets for cast metal rolls.

Moscow's nose is out of joint in Finland. Braving Communist threats, Finnish trade unions—practically behind the Iron Curtain themselves—have quit the Communist-run World Federation of Trade Unions. But they won't join the anti-Communist International Confederation of Free Trade Unions right away (BW—Mar.17/51,p148).

New sulfur plant, to extract the chemical from crude oil, will be built as part of Esso Petroleum Co.'s new refinery going up at Fawley, near Southampton, England. Capacity is scheduled to be around 12,000 tons yearly.

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Inflation Is Still a Menace

Congress is acting as if inflation were no longer a danger.

- Instead of strengthening controls, as requested by defense mobilizer Wilson, the lawmakers are weakening his original powers.

- Instead of pushing through taxes to absorb extra purchasing power, the Senate Finance Committee is not promising a tax bill for another three months.

Is the danger really past? It looks that way on the current business indicators. *BUSINESS WEEK*'s "Figures of the Week" (page 13) show all three daily commodity price indexes lower than a month ago. And they were trending that way for several weeks before Malik's speech suggesting a Korean truce upset the markets. Price wars have been the big news in retail trade. Crop reports indicate huge harvests and lower farm prices this fall.

But the longer-run outlook is not nearly so tranquil as these current figures indicate. The economy still contains strong inflationary pressures. Unless these are dealt with, prices will go higher—despite any temporary drop caused by the spring business lull or the latest "peace scare."

Inflationary Factors

Here are some of the forces that exert a basic upward pressure on the American price level:

(1) Consumer income is increasing faster than the output of goods and services. In recent months this fact has been concealed by the presence of large inventories of consumer goods. But these stocks will eventually be drawn down.

Meanwhile, income is increasing at an annual rate of about \$20-billion; and output of consumer goods is slated to decline over the next year. This "inflationary gap" will be reduced if the defense program tapers off. But it will not disappear unless the program collapses.

(2) Many industrial prices still do not reflect cost increases since the Korean War started. And costs are still rising.

In particular, industrial wages are going up faster than output per manhour. Increases of 10%—or even 5%—per year are well above the average increase in productivity. For a time, these cost increases can be absorbed. But not indefinitely.

(3) The rest of the world is having a bigger inflation than we are. Eventually this must show up in the prices of things we buy from abroad. For example, copper—which sells for 24.5¢ a lb. here—has sold as high as 40¢ in Europe. And Europe's defense effort has only started.

There is no way to tell now whether these pressures will force another violent upswing in U.S. prices. Restraint on the part of consumers may slow down the advance. A sudden reduction in the arms program could

swing the balance toward deflation of many prices for a while.

But this much is clear: Inflation is still a menace for which we must be prepared—prepared with adequate taxes and adequate powers for controlling credit, wages, and prices.

The reasons are deep-seated. Emergency controls have been devised to deal with the mobilization emergency. But the inflation problem is one of longer standing. Since the end of World War II, we have had an almost continuous rise in the price level. And the basic pressures—heavy government spending, private and public credit expansion, and rising industrial costs—are likely to be present, in some degree, during most of the years ahead.

We still think Congress should act, and act quickly, to give Wilson the powers he needs to fight a possible new wave of inflation. That includes wage, price, and credit controls for another full year. Higher withholding taxes should be voted immediately as a restraint on consumer spending.

But the battle against inflation will not be won even when these emergency steps are taken. There will still be the long-term problems—how to hold down the federal deficit and how to match higher wages with higher productivity. The answer to both is: more efficiency in industry and more efficiency in government. Otherwise inflation will be a constant menace.

Fashion Note

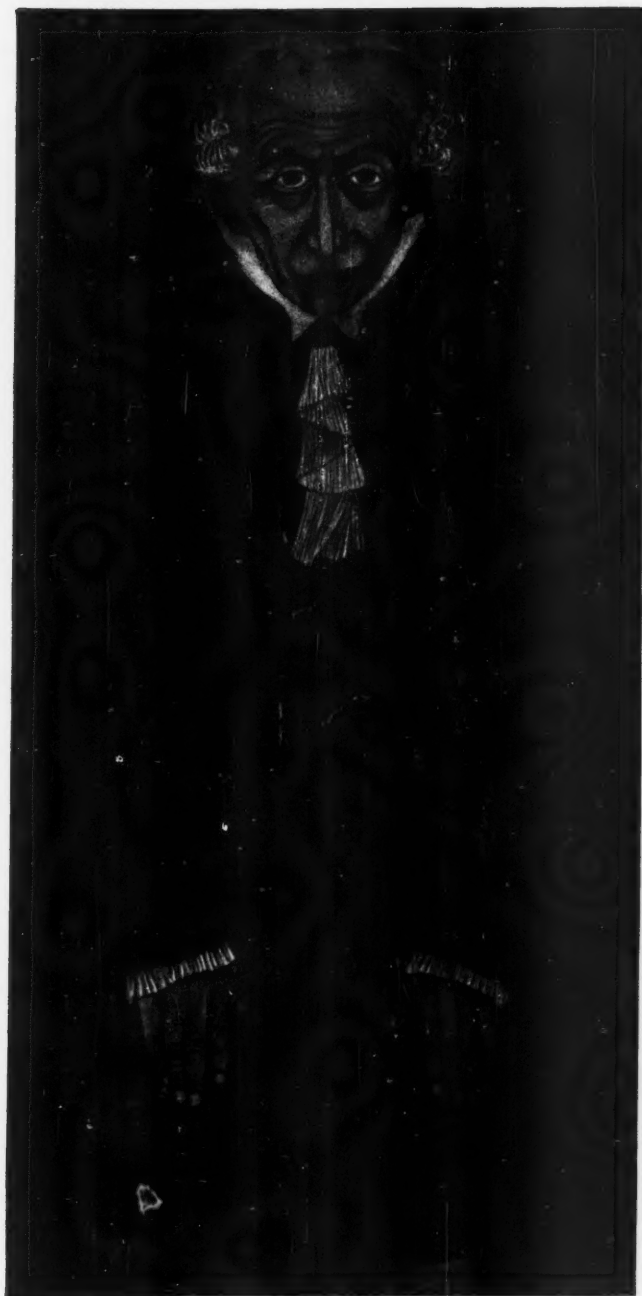
To most Americans the British people are a mystery. For six years of fumbling and sacrifice they have accepted drabness as necessary and as somehow morally virtuous. By this time they have a right to be a little weary. The British women, especially, must yearn to buy a new hat or put on a new suit.

But hope has faded again. Sir Hartley Shawcross, new president of the Board of Trade, chose a banquet as the place to tell his followers that there aren't going to be any new clothes for Britons for awhile anyway. They are to go on being drab and like it. New clothes must be exported to pay for rearmament.

Having unloaded that bad news, Sir Hartley then qualified himself as an expert. "Not that I know anything about clothes," he admitted. "No man who really loves women bothers about what they are wearing."

Any American who made such a statement would be tarred by the dress trade and feathered by his wife when he got home. Even Shawcross must have felt a chill. With sudden candor, he added: "The only suitable clothes for a member of the government at the moment are sackcloth and ashes."

ARTIST: RICHARD LINDNER



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Immanuel Kant

Two things fill the mind with
ever new and increasing
admiration and awe, the oftener
and the more steadily we reflect
on them: *the starry heavens above*
and *the moral law within*.

Critique of Practical Reason, 1788

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